

รายงานประจำปี 2546 Annual Report 2003



ซีเ็ด

บริษัท ซีเ็ดยูเคชั่น จำกัด (มหาชน)
SE-EDUCATION PUBLIC COMPANY LIMITED

ก้าวสู่ปีที่ 30

Stepping to The Year of 30th

2 5 4 6 / 2 0 0 3



- รางวัล **DISCLOSURE REPORT AWARD 2003** ในการเปิดเผยข้อมูลต่อผู้ลงทุน จากสำนักงานคณะกรรมการกำกับหลักทรัพย์ และตลาดหลักทรัพย์ (กลต.)
DISCLOSURE REPORT AWARD 2003 from the Office of Securities and Exchange Commission, Ministry of Finance



- รางวัลร้านหนังสือเครือข่ายยอดเยี่ยมประจำปี 2546 จากชมรมส่งเสริมการจัดจำหน่ายหนังสือ ในสมาคมผู้จัดพิมพ์และผู้จำหน่ายหนังสือแห่งประเทศไทย
OUTSTANDING BOOKSTORE CHAIN 2003 AWARD from The Publishers and Booksellers Association of Thailand

2 5 4 5 / 2 0 0 2



- รางวัล **DISCLOSURE AWARD 2002** ในการเปิดเผยข้อมูลต่อผู้ลงทุน จากสำนักงานคณะกรรมการกำกับหลักทรัพย์ และตลาดหลักทรัพย์ (กลต.)
DISCLOSURE AWARD 2002 from the Office of Securities and Exchange Commission, Ministry of Finance



- รางวัล 200 บริษัทยอดเยี่ยมนอกสหรัฐอเมริกา ที่มียอดขายน้อยกว่า 1 พันล้านเหรียญสหรัฐ จากนิตยสาร Forbes ฉบับ Global ประจำวันที่ 28 ตุลาคม 2545
200 COMPANIES : BEST UNDER A BILLION FOR 2002 from Forbes Global Magazine on October 28, 2002



- รางวัลร้านหนังสือเครือข่ายยอดเยี่ยมประจำปี 2545 จากชมรมส่งเสริมการจัดจำหน่ายหนังสือ ในสมาคมผู้จัดพิมพ์และผู้จำหน่ายหนังสือแห่งประเทศไทย
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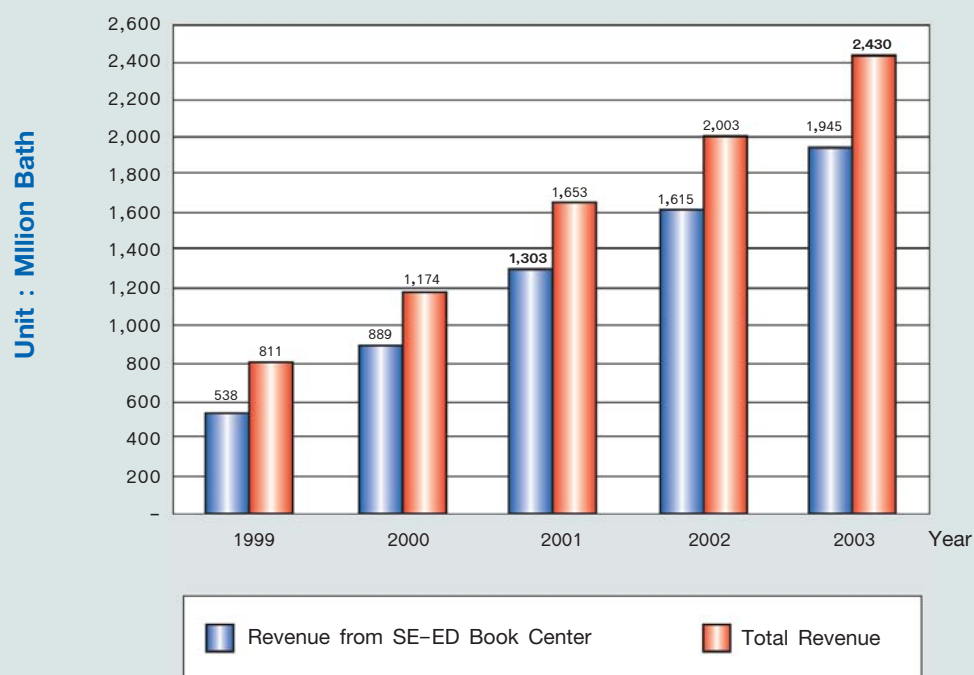


- รางวัลวารสารส่งเสริมเยาวชนประเภทวิชาการ ประจำปี 2545 สำหรับวารสาร UpDATE จากสำนักงานคณะกรรมการส่งเสริม และประสานงานเยาวชนแห่งชาติ (สยช.)
ACADEMIC MAGAZINE FOR YOUTHS 2002 AWARD for UpDATE Magazine from the Office of the National Youths Bureau, Ministry of Education

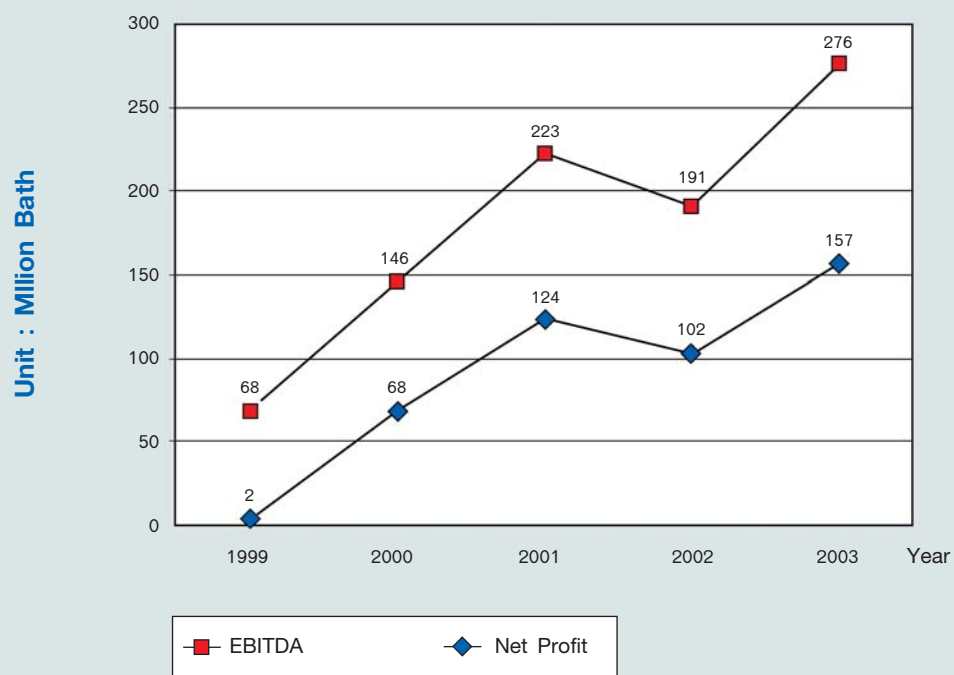
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Total Revenue and Revenue from SE-ED Book Center



EBITDA and Net Profit



จุดเด่นในรอบปี HIGHLIGHTS

หน่วย : ล้านบาท
Unit : Million Bath

ผลการดำเนินงาน OPERATING RESULTS	2546 2003	2545 2002	2544 2001	2543 2000	2542 1999
รายได้รวม Total Revenues	2,429.96	2,003.24	1,652.69	1,173.83	810.93
กำไรจากการดำเนินงาน ก่อนค่า เสื่อมราคา และค่าใช้จ่ายตัดจ่าย EBITDA	276.43	190.73	222.70	145.68	67.85
กำไรสุทธิ Net Profit	156.65	102.26	123.73	67.77	2.22
กำไรสุทธิต่อรายได้รวม Net Profit Margin (%)	6.45	5.10	7.49	5.77	0.27
กำไรสุทธิต่อหุ้น (บาท)* EPS (Baht)	0.73	4.85	5.86	3.21	0.11
มูลค่าตามบัญชี (บาท)* Book Value (Baht)	2.62	24.82	24.09	18.16	16.21
สินทรัพย์รวม Total Assets	1,105.18	1,041.06	905.59	710.47	708.69
หนี้สินรวม Total Liabilities	539.13	517.45	397.35	327.36	366.61
ส่วนของผู้ถือหุ้น Shareholder's Equity	566.04	523.62	508.24	383.11	342.08
ทุนที่ออกและเรียกชำระแล้ว Paid-up Capital	255.07	210.99	210.99	210.99	210.99
อัตราผลตอบแทนต่อสินทรัพย์ ROA (%)	14.60	10.51	15.31	9.55	0.32
อัตราผลตอบแทนต่อส่วนของผู้ถือหุ้น ROE (%)	28.75	19.82	27.76	18.69	0.65
ณ วันที่ As of	31/12/2546 31/12/2003	27/12/2545 27/12/2002	28/12/2544 28/12/2001	29/12/2543 29/12/2000	30/12/2542 30/12/1999
ราคาตลาด (บาท)* Last Price (Baht)	6.00	59.00	40.00	16.50	16.00
มูลค่าตามราคาตลาด Market Cap.	1,530.43	1,244.82	843.95	348.13	337.58

Remark * EPS, Book Value and Last Price of the year 2003 calculated from the amount of shares after split par from Bt 10.00 to Bt 1.00

Financial Ratios

Achievement of profitability and operational effectiveness during last year and the previous 2 years.

Liquidity Ratio

<u>Ratio</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Current Ratio (times)	1.20	1.12	1.24
Quick Ratio (times)	0.89	0.88	0.88
Cash Flow Ratio (times)	0.31	0.16	0.55
Accounts Receivable Turnover (times)	4.30	3.58	3.68
Average Debt Collection Period (times)	84	101	98
Inventory Turnover (times)	10.15	9.46	7.99
Average Selling Period (days)	35	38	45
Debtor Turnover (times)	3.92	3.44	3.80
Debt Payment Period (days)	92	105	95
Cash Cycle (days)	27	34	48

Profitability Ratio

<u>Ratio</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Gross Profit (%)	31.67	30.19	30.94
Operating Profit (%)	9.01	7.07	11.10
Other Profits (%)	2.19	0.06	0.01
Cash to Earnings Ratio (%)	77.11	204.70	107.24
Net Profit Margin (%)	6.45	5.10	7.49
Rate of Return to Equity (%)	28.75	19.82	27.76

Efficiency Ratio

<u>Ratio</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Return on Assets (%)	14.60	10.51	15.31
Return on Fixed Assets (%)	64.74	56.78	62.51
Asset Turnover (times)	2.26	2.06	2.05

Financial Policy Ratio

<u>Ratio</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Debt to Equity Ratio (times)	0.95	0.99	0.78
Interest Capability Ratio (times)	1,012.24	1,423.98	698.58
Debt Service Coverage Ratio (cash basis)*	0.67	1.53	1.86
Dividend Payment Rate (%)**	78.07	94.10	85.26

Remark * The Debt Service Coverage Ratio and Dividend Payment Rate have been reclassified to be conformably compared to current year.

** Dividend payment rate for 2003 has been approved from the board of Directors and waiting for approval from shareholders in the annual general meeting on April 27, 2004 and calculated from the amount of common shares counted on March 26, 2004.

Message from the Chairman

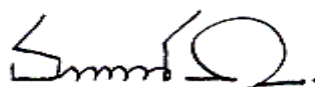
The year 2003 was another best year of SE-ED. Even though the outbreak of SARS in the first quarter caused people reluctant to go to shopping in the shopping centers and super centers for one period, this led to the decreasing of books sales volume in shopping centers business. But with the economics recovery and the continuously expansion and improvement of the company, the company's whole situation was getting better and better respectively. We have a solid financial status and were able to build up the total revenue growth of 21% broke the set target of 2,400 million baht. The net profit growth was 55% from last year. The return on equity (ROE) was 28.75% and the company still could keep the role as the leader of the bookstores, leader in the book distribution and leader in the publishing business of this country.

Moreover, 2003 was the year SE-ED people were proud of being highly accepted from the involved circles; we received two awards in the same year as follows:

- SE-ED Book Center, which is the retailer chain of SE-ED received the award of Excellent Bookstore Chain for 2003 from the Book Distribution Promotion Club (Book distribution club) under the Association of the Publisher and Distributors of Thailand.
- SE-ED received the Disclosure Report Awards 2003 from the Office of Securities Exchange Commission (SEC) and Securities Exchange as "a listed company that should be commended and set as an example for listed companies in providing annual data, attaching importance to disclosure of data with quality which is the main factor to create assurance of investors' investment consideration in listed companies." The SEC set up this award to promote the Good Corporate Governance in Thailand. To receive this Disclosure Award for two consecutive years was another achievement reflected the result of company's responsibility and endeavor to be "An Example Company" of Thailand.

In last year the company has still laid stress on expansion of SE-ED Book Center branches continuously, emphasized more on acting role as the book distributor and as the long-term achievement book publisher to support the broaden of book readers base which still owned much potential growth. In addition, the company has speeded up the improvement of system works, computer software and hardware. Improve the information system, recruit more knowledgeable skill employees, develop the human resources to get larger calibre, develop the significant performance indicators, focusing more on the business units to work according with the company long-term plan. The company stressed on the corporate good governance, as of firmly believe that the continuous enhancement of effective management along with the good governance will be the core basis of long-term sustainable growth.

Finally, in the name of the board of directors, I would like to take this opportunity to thank all shareholders, business dealers, clients and customers and all employees for being parts of supporting the success of the company in the year of 2003 and the board of directors and I have the confidence that with our determination and endeavor of the management and all the employees can result in our company providing benefits in development of our personnel for the country proudly.



Thanachai Theerapatvong

Chairman of the Board

BOARD OF DIRECTORS



Mr. Thanachai Theerapatvong
Director and Chairman

Highest Qualification

- Honorary Doctor of General Business Administration, South-East Asia University
- Honorary Doctor of Marketing, Chiang Rai Rajabhat University.
- B.A. (Political Science), Ramkhamhaeng University

IOD Certificate

- None

Working Background

- 2003-present Director and Chairman of Audit Committee, Modern Form Plc.
- 1999-present Chairman, SE-EDUCATION Plc.
- 1987-present Chairman, Nation Multimedia Group Plc.



Mr. Thanong Chotisrayuth
Director and Managing Director

Highest Qualification

- B.E. (Electrical), Chulalongkorn University

IOD Certificate

- Directors Certification Program (DCP), Thai Institute of Directors

Working Background

- 1987-present Managing Director, SE-EDUCATION Plc.
- 2003-present Director, Executive Director Ploen Patt Co., Ltd.



Mr. Viboolsak Udomvanich
Director and Deputy Managing Director

Highest Qualification

- B.E.(Electrical), Chulalongkorn University

IOD Certificate

- Directors Accreditation Program (DAP), Thai Institute of Directors

Working Background

- 1987-present Director and Deputy Managing Director, SE-EDUCATION Plc.
- 2003-present Executive Director Ploen Patt Co., Ltd.



Mr. Pongsak Sivapatrakumpol
Director and Deputy Managing Director

Highest Qualification

- B.E. (Electrical), Chulalongkorn University

IOD Certificate

- Directors Accreditation Program (DAP), Thai Institute of Directors

Working Background

- 1993-present Director and Deputy Managing Director, SE-EDUCATION Plc.
- 1990-1993 Executive Editor, Microcomputer Magazine, SE-EDUCATION Plc.



Mr. Saroch Lamlerprasertkul
Chairman of Audit Committee

Highest Qualification

- MBA. (Accounting), Thammasart University

IOD Certificate

- Directors Certification Program (DCP), Thai Institute of Directors

Working Background

- 2000-present Managing Director CAS Management Co.,Ltd
- 1999-present Independent Director and Chairman of Audit Committee, SE-EDUCATION Plc.
- 1994-1999 Managing Director ACT Management Co.,Ltd.



Mr. Pravit Tuntivasinchai
Audit Committee

Highest Qualification

- Bachelor Certificate (Audit), Chulalongkorn University
- BBA. (Accounting), Chulalongkorn University

IOD Certificate

- Directors Accreditation Program (DAP), Thai Institute of Directors

Working Background

- 1999-present Independent Director and Audit Committee, SE-EDUCATION Plc.
- 1994-present Accounting & Financial Executive Manager, MK Restaurant Co.,Ltd

BOARD OF DIRECTORS



Mr. Somchai Hanjikasem
Audit Committee

Highest Qualification

- MBA, Abilene Christian University, Texas, USA

IOD Certificate

- Directors Accreditation Program (DAP), Thai Institute of Directors

Working Background

- 1998-present Independent Director and Audit Committee, SE-EDUCATION Plc.
- 1996-present Deputy Managing Director, MK Restaurant Co., Ltd



Mr. Somboon Chinsawananon
Independent Director

Highest Qualification

- Master of Management (Finance) Northwestern University, U.S.A

IOD Certificate

- None

Working Background

- 1995-present Independent, SE-EDUCATION Plc.
- 1995-1999 Deputy MD, Kasikorn Bank Plc.



Associate Prof. Yuen Poovarawan
Director

Highest Qualification

- M.E. (Industrial Engineering), Asia Institute of Technology
- M.E. (Electrical Engineering), Chulalongkorn University

IOD Certificate

- None

Working Background

- 2003-present Executive Consultant, Office of University Computer Services, Kasetsart University
- 2002-present Vice-President for Information Technology, Kasetsart University
- 1990-present Director, SE-EDUCATION Plc.
- 1990-present Director, Office of University Computer Services, Kasetsart University



Mr. Phairat Sittakul
Director

Highest Qualification

- B.E. (Electrical), Chulalongkorn University

IOD Certificate

- Directors Accreditation Program (DAP), Thai Institute of Directors

Working Background

- 2002-present Level 11 Engineer, EGAT
- 1974-present Director, SE-EDUCATION Plc.
- 1999-2002 Maintenance Services Bureau-Manager, EGAT
- 1997-1999 Engineering-Maintenance Services Bureau-Manager, EGAT



Mr. Wattana Chiangkoon
Director

Highest Qualification

- B.E. (Electrical), Chulalongkorn University

IOD Certificate

- Directors Accreditation Program (DAP), Thai Institute of Directors

Working Background

- 2002-present Managing Director, TOTEM Co., Ltd.
- 2002-present Managing Director, TOTEM Industrial Services Co., Ltd.
- 1990-present Director, SE-EDUCATION Plc.
- 1997-2002 Org Dev-Maintenance Manager, ABB Co., Ltd



Mr. Vorasit Pokachaiyapat
Director

Highest Qualification

- MS (Computer and Database Management) Bentley Collage, Massachusetts, USA
- MBA., Carnegie-Mellon University, Pennsylvania, U.S.A

IOD Certificate

- Directors Certification Program (DCP), Thai Institute of Directors

Working Background

- 1998-present Director, SE-EDUCATION Plc.
- 1991-present Executive Director, Finansia Plc.



Mr. Eugene S. Davis
Director

Highest Qualification

- MBA-Finance, New York University, USA

IOD Certificate

- None

Working Background

- 1998-present Director, SE-EDUCATION Plc.
- 1991-present Managing Director, Finansia Plc.
- 1990-1991 Managing Director, Chase Manhattan Bank Thailand Co., Ltd.



Mr. Suthichai Yoon
Director

Highest Qualification

- Vocational School Cert., Assumption Commerce School, Bangkok

IOD Certificate

- None

Working Background

- 1996-present Director, SE-EDUCATION Plc.
- 1971-present Executive Editor, Nation Multimedia Group Plc.
- 1996-1998 Vice CEO, Siam Infotainment Co., Ltd.(ITV)

EXECUTIVE COMMITTEE



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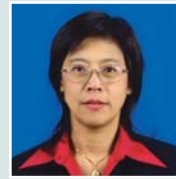
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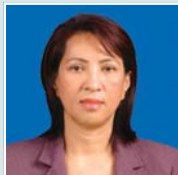
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1. Mr. Thanong Chotisorayuth
Director and Managing Director

Highest Qualification

– B.E. (Electrical), Chulalongkorn University

IOD Certificate

– Directors Certification Program (DCP), Thai Institute of Directors

Working Background

– 1987–present Managing Director, SE-EDUCATION Plc.
– 2003–present Director, Executive Director Ploen Patt Co., Ltd.

2. Mr. Viboolsak Udomvanich
Director and Deputy Managing Director

Highest Qualification

B.E.(Electrical), Chulalongkorn University

IOD Certificate

– Directors Accreditation Program (DAP), Thai Institute of Directors

Working Background

– 1987–present Director and Deputy Managing Director, SE-EDUCATION Plc.
– 2003–present Executive Director Ploen Patt Co., Ltd.

3. Mr. Pongsak Sivapatrakumpol
Director and Deputy Managing Director

Highest Qualification

– B.E. (Electrical), Chulalongkorn University

IOD Certificate

– Directors Accreditation Program (DAP), Thai Institute of Directors

Working Background

– 1993–present Director and Deputy Managing Director, SE-EDUCATION Plc.
– 1990–1993 Executive Editor, Microcomputer Magazine, SE-EDUCATION Plc.

4. Mrs. Montalee Chotisorayuth
Assistant Managing Director and Director of SE-ED Book Center

Highest Qualification

– B.S.(Education), Srinakharinwirot University, Patumwan Campus

Working Background

– 1996–present Assistant MD, SE-Education Public Co., Ltd.
– Director of SBC, SE-EDUCATION Plc.

5. Mrs. Karnchana Charoenwong
Assistant Managing Director–Sales and Distribution

Highest Qualification

– B.S.(Accounting), Kasetsart University

Working Background

– 1998–present Assistant Managing Director–Sales and Distribution, SE-EDUCATION Plc.
– 1993–1995 Assistant Managing Director, Accounting & Financing Manager SE-EDUCATION Plc.

6. Mrs. Nuchanart Kongvisaisuk
Assisting Managing Director, Magazines Groupabove

Highest Qualification

– BBA. (Marketing) Ramkhamhaeng University

Working Background

– 2001–present Assistant Managing Director–Magazines
– 1999–2000 Director of Electronics and Industrial Magazine Group, SE-EDUCATION Plc.
– 1979–1999 Advertising Manager of Electronics Magazine Group, SE-EDUCATION Plc.

7. Mr. San Simasuwanrong
Engineering & IT Director

Highest Qualification

– B.E.(production–engineering) , KMITN.

Working Background

– 2003–present Engineering & IT Director SE-EDUCATION Plc.
– 1997–2003 MIS Manager, IT City Co.,Ltd.
– 1997 General Manager, Cyber City Co.,Ltd.

8. Mr. Viroj Lackanaadisorn
HR & Org Dev Director

Highest Qualification

– B.E. (production–engineering), Chulalongkorn University

Working Background

– 2003– present HR & Org Dev Director, SE-EDUCATION Plc.
– 2000–2003 Consultant, Novo Quality services Co.,Ltd
– 1998–2000 QA. Engineering, Isuzu motor (Thailand) Co.,Ltd

9. Ms. Aree Sae-ung
Accounting Manager

Highest Qualification

– MBA. ,Burapha University
Bachelor Certificate (Audit), Thammasart University
BBA.(Accounting), Rajamangala Institute of Technology

Working Background

– 2001–present Accounting Manager, SE-Education Plc.
– 2000–2001 Internal Audit Manager, SE-EDUCATION Plc.
– 1994–2000 In-Charge AMC Co., Ltd.

10. Ms. Sajipat Pumpuengput
Financial Manager

Highest Qualification

– BBA. Sukhothai Tammatirat University

Working Background

– 1991–present Financial Manager, SE-EDUCATION Plc.



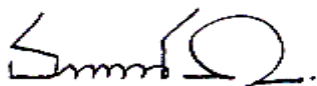
Report of the Board of Directors Responsibilities for Financial Statements

The Board of Directors is responsible for SE-EDUCATION Public company Limited (SE-ED) financial statements and financial information presented in this annual report. The aforementioned financial statements are in line with the accounting standards defined by the Institute of Certified Accountants and Auditors of Thailand, using appropriate accounting policy consistently employed by SE-ED as well as applying careful judgment and best estimation. Important information is adequately disclosed in the notes to financial statements.

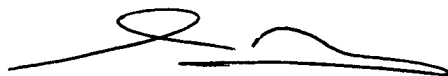
The Board of Directors has provided and maintained an efficient internal control system to ensure that accounting records are accurate, complete and adequate to protect its assets and uncover weaknesses in order of prevent fraud or materially irregular operation.

To accomplish this task, the Board of Directors has appointed an audit committee, which consists of Non-Executive Directors responsible for the quality of financial statements and internal control system, whose comments on these issues are readily included in the Audit Committee Report in this annual report.

The Board of Directors has the opinion that SE-ED's overall internal control system has functioned up to the satisfactory level and rendered credibility and reliability to the SE-ED financial statements for the year ended December 31, 2003



Mr. Thanachai Theerapatvong
Chairman of the Board



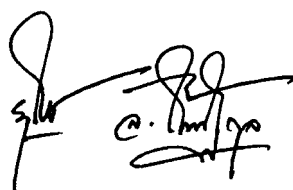
Mr. Thanong Chotisrayuth
Managing Director

Audit Committee's Report

SE-EDUCATION Public company Limited's Audit Committee consists of three Directors - Mr. Saroj Lamlerprasertkul, Committee Chairman; Mr. Prawit Tantiwasinchai and Mr. Somchai Hanjitakasem, Committee Members. Each of the committee was not the company executive or employee. And Mr. Wachiratham Siriarchawattana as the secretary of the board.

The Audit Committee's duties and responsibilities are to review financial reports in accordance with approved Accounting Standards; to reveal sufficient information; to review internal control systems and internal audits as being proper and effective; to verify the company operation to perform in accordance with the SET acts, to consider the revelation of company information in cases of conflicts of interest; and to select and appoint auditors.

In the year 2003, the Audit Committee held a total of 6 meetings. The Audit Committee had regularly meeting with the auditor, the management, accounting department and internal audit department to review the financial statements each quarter and for the year ended December 31, 2003 before submission to the Board of Directors. The Audit Committee also manages financial reports in accordance with approved Accounting Standards; reveals sufficient information in accordance with the law; listens to auditors' explanations and suggestions on completion of the audit. The audit committee had regularly meeting with the internal auditor to appraise the sufficiency of internal control, considers to agree with the annual audit plan of the internal auditor for fiscal year 2003, co-reviews with the management on the internal auditor report ; co-reviews with the management to achieve a more effective internal audit and control. In case of risk management, the audit committee had a meeting with the management to exchange ideas about business risk management. However the audit committee is on the process of setting up the risk management committee to take the duties and responsibilities directly. The audit committee has prescribed, followed up and supervised to support the corporate good governance as practiced in the company. Otherwise the audit committee has concerned for abidance by the Securities and Exchange Act including the transparency of connected transactions. The Audit Committee revealed that the internal control system did not find any items which will considerably affect the company and has already reported to the Board of Directors.



(Mr. Saroch Lamlerprasertkul)

Chairman of the Audit Committee

March 29, 2004

General Information

Name, Location of Head Office and Distribution Center

Name : SE-EDUCATION Plc.
Head Office : 46/87-90 Nation Tower, 19th Floor, Bangna-Trad Road (Km. 4.5), Bangna, Bangkok 10260.
Distribution Center : 99 Moo 1 Kingkaew Road, Rachathewa, Bangplee, Samut Prakarn 10540.
Tel : 0-2751-5888, 0-2325-1111
Fax : 0-2751-5999, 0-2325-3333
Homepage : <http://www.se-ed.com>
Business : Publishers,distributors and retailers of books and magazines
Registered No : 102
Registered Capital is THB 348.13 million, consisting of 348.13 million shares at THB 1.00 each, THB 255.07 million shares are already fully paid up.

Name, Location of Subsidiary company

Name : SE-ED Book Center Co., Ltd.
Address : 46/87-90 Nation Tower, 19th Floor, Bangna-Trad Road (Km. 4.5),
Bangna, Bangkok 10260.
Tel : 0-2751-5888
Fax : 0-2751-5999
Business : Business Consultancy
Registered Capital is THB 100,000.00 which consists of 10,000 shares at THB 10.00 each and already fully paid up.
SE-ED holds 99.93% of shares.

Name, Location of Associated Companies

Name : M and E Co., Ltd.
Head Office : Soi Krung Thon Buri 6, Krung Thon Buri Road,
Klongsan, Bangkok 10600.
Tel : 0-2437-2884
Fax : 0-2438-1189
Business : Technical Journal, Engineering Handbook Publisher
Registered Capital and already fully paid up for 4,000 shares at THB 100.00 per share. SE-ED holds 25% of shares.

Name : **Ploen Patt Co., Ltd.**

Temporary Address : 36/103 Thungmangkorn Road, Chimplee, Talingchan, Bangkok 10600.

Tel : 0-2884-0117 0-2884-0127

Fax : 0-2880-4633

Address : 35 Noble house, Phayathai tower 18th floor room 184, Phayathai Road, Rajdhevee,
Bangkok.

Business : Private school.

Registered Capital and already fully paid up for 800,000 shares at THB 100.00 per share. SE-ED holds 28.75% of shares.

References

Stock Registrar: Thailand Securities Depository Co., Ltd.
62 The Stock Exchange of Thailand Building,
4th, 6-7th Floors, Ratchadapisek Road,
Klong Toey, Bangkok 10110.
Tel: 0-2229-2800 Fax: 0-2359-1262

Auditor : Ms. SUSAN EIAMVANICHA Auditor ID: 4306
Ms. WANRAYA PUTTASATIEAN Auditor ID: 4387
SAM NAK-NGAN A.M.C. Co.,Ltd.
4th Unit, 19th Floor, Silom Complex Building,
191 Silom Road, Silom, Bangrak, Bangkok 10500
Tel: 0-2231-3980-7 Fax : 0-2231-3988

Legal Consultant: Chuan and Associates Law Office
4/1482, 3rd – 5th Floors, Nawamin Road, Klongkum, Buengkum, Bangkok 10230.
Tel: 0-2509-3421-2 Fax: 0-2509-3571

Bond holder Representative: No bonds

Consultant or Manager for Management Contract: None

Company Background

SE-EDUCATION Public company Limited (SE-ED) was established as a registered company on October 10, 1974 with a registered capital of THB 99,000. Their objective is to do business in knowledge dissemination, with a view to developing the full potential of Thai people in areas essential to national development. The company founders were ten electrical engineering graduates from Chulalongkorn University, who used to be active in varsity activities during their study and realized that Thailand still lacked of technical and academic materials development.

The company has been listed on the Stock Exchange of Thailand (SET) in the Service Industry, Public Relations Main Business, and Printed Matter Minor Business, since 1991. The company went public on April 29, 1993. Nowadays the company is well known by its nickname “SE-ED” which comes from Science, Engineering and Education.

At the beginning, the company published the monthly magazine “Semiconductor Electronics” and was the distributor of electronic parts and equipment from abroad.

In 1978, the company published the monthly magazine “Taksa, Science and Technology Edition” for the general and young readers who are interested in science and technology.

In 1979, the company launched the monthly magazine “Miti Tee See” to encourage the creativity and imagination urging readers to pay more interest in science.

In 1980, the company had the project to publish the engineering and scientific textbooks which were later set as Textbook and Academic Books Section.

In 1983, published the monthly magazine “Microcomputer” and began to publish the Microcomputer books. At the same time, the company set the Management Book Section for the purpose of publishing the books that can help people work efficiently rather than publishing bestseller books for the moment.

In 1985, the company adapted and introduced the Standing Order Distribution System and merged the magazine “Taksa , Science and Technology Edition” and “Miti Tee See” in the new name “Rou-Rorb-Tua” Magazine which was later improved the style and content with the name “Update” Magazine. In the meantime, the company expanded the Children Book Section and in 1986 “Wittayasat Arn Sanook” the knowledge cartoon was launched and warmly welcomed.

The company pioneered publications in the magazine and educational book business continuously until becoming the leading substantial knowledge publishing firm in the country with the best distribution system in the book business. The company also became a distributor for other publishers producing books in the same fields.

Although, compared to the average publishing industry, SE-ED had a satisfying sales volume and growth, the company found that there were a limitations due to very few good quality bookstores had been in existence. Consequently, the company’s books could not be efficiently circulated. As a result, sales volume of each book could not be increased as much as it should.

Following research, the company realized that these existing bookstores could not be expanded or improved much further. At that time, many new shopping centers were opening, and the company believed they would be good venues for the bookshop business. However, it needed high capital investment and, as a result, in the 3rd quarter of 1990, SE-ED became a public company listed on the Stock Exchange of Thailand, committed to providing Book Centers that would enable Thai people to find good books more conveniently. It also served as a base to accommodate the growth of the book business as a whole. SE-ED

therefore focused on locating SE-ED Book Center in the new leading shopping centers. SE-ED Book Center distributes both its own books and those of other publishers as a complete bookstore complex. In late 1991, the first SE-ED Book Center branch opened in the Fortune Town Shopping Center.

In the third quarter of 1996, SE-ED began operating SE-ED Book Center in super centers, with the first branch in the Lotus Super Center, Pattaya branch. SE-ED believes super centers are the new retail business outlets that will become more important and popular in the future. Super centers will also prove to be suitable places for bookshops in the long-term future. The company improved the modern image of SE-ED Book Center by using bright and vivid colors. The company also designed new bookshelves that could be manufactured more easily and save expenditure in production. Consequently, SE-ED could operate new branches of its bookstores faster and more conveniently. SE-ED also focused on improving book distribution centers to accommodate many more books for more than 100 branches. SE-ED is also improving marketing strategies that have been specially developed and tested. All these developments have enabled SE-ED to be ready for further growth and to expand itself firmly. As it has expanded, SE-ED has been able to operate the new branches more conveniently with less capital and expenditure. The bookshop business has more tendency to success.

Furthermore, SE-ED Book Center has improved the relationship with shopping centers and super centers, being recognized as an important business alliance of each shopping center. This support has enabled SE-ED to develop its business format continuously. Nowadays SE-ED Book Center is a chain of book center evolving and expanding very fast, resulting in the highest number of branches and sales volume in this business in Thailand. SE-ED Book Center has served as the heart of the company's growth since 1997.

In 2001, the company moved from Soi Trakulsuk, Asoke-Dindaeng Road, where SE-ED had been since 1983, to Nation Tower, following the move by SE-ED Book Center office to Nation Tower in the second half of 1998. As a result, the company has more working space, enabling SE-ED to better coordinate and manage the business more conveniently while preparing for further company and business expansion.

In 2003, the company's distribution center has been moved to 99 moo 1 Kingkaew Road, Tambon Rachathewa, Amphur Bangplee, Samut Prakan Province 10540 for larger area enough to support the company growth.

Nature of the Business

The company has three major areas of business as follows:

1. Bookstores Business by managing SE-ED Book Center and Book Variety in Bangkok and several provinces, while expanding its bookstores chain branches and books retail space in other business premises.
2. Distribution Business by distributing SE-ED own books and publications, as well as those of other publishers to nationwide bookshops and other marketing channels.
3. Publishing Business by publishing own books and magazines, selling advertising space in its monthly magazines and books; providing the printing books service for other parties, and organizing the annual "Thailand Electronics & Industrial Technology Exhibition".

SE-ED continues to play a leading role supporting and encouraging all aspects of the business, which has resulted in the achievement of a competitive advantage, as well as increasing the company's overall revenue.

In addition, the company has held a 25% shares in M & E Co., Ltd. since 1984 with a paid-up share capital of THB 400,000. The M & E Co., Ltd. prints and publishes technical magazines and engineering manuals, distributed by SE-ED.

The company has also held a 99.93% shares in SE-ED Book Center Co., Ltd. (founded May 11, 2001), with a paid-up share capital of THB 100,000. The SE-ED Book Center Co., Ltd. does not operate any other business. The purpose of registering the name of “SE-ED Book Center Co., Ltd.” is to protect “SE-ED Book Center” exclusively from others seeking to register it as a new company.

In 2003, the company has held 28.75 % shares in PLOEN PATT CO.,LTD. (founded September 25, 2002) with a paid-up share capital of THB 80,000,000. The purpose of registering the name of “PLOEN PATTANA SCHOOL” located at Bhuddhamonthon 2 Road, classroom opened from pre-kindergarten grade up to twelve grade. The academic year will start on 2004 ever since. The shareholders of Ploen Pat Company consist of private firms play an important role in family institute and in education circles, leading kindergarten school owner, and former school executives. The main shareholders are:

1. SE-EDUCATION Plc. has held 28.75 %
2. RAK LOOK FAMILY GROUP Co.,Ltd (Plan Publishing Co.,Ltd) has held 8.75 %
3. Mrs. Thida Phitaksinsuk has held 5.0 %
4. Ms. Krongtong bunphakorn has held 5.0 %

Total revenue from sales categorized by products

Revenue from Sales & Service	2003		2002		2001	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Books						
- Retail ¹	1,945,351	80.06	1,621,303	80.93	1,305,886	79.02
- Wholesale ²	345,379	14.21	274,405	13.70	257,208	15.56
Total	2,290,730	94.27	1,895,708	94.63	1,563,094	94.58
Magazines ³	86,010	3.54	79,591	3.97	72,510	4.39
Others	53,221	2.19	27,940	1.40	17,088	1.03
Total revenue	2,429,961	100.00	2,003,239	100.00	1,652,692	100.00

¹ Retail - revenue from SE-ED Book Center and Book Variety bookstores, the company’s bookstores and other retail outlets managed by SE-ED Book Center and Book Variety.

² Wholesale – revenue from books published and distributed to bookstores and other retail outlets.

^{1 and 2} - total sales revenue of company publications represents 9.54 % of revenue in 2003.

³ Magazines – total revenue sales volume of magazines, advertising publishing and revenue from “Thailand Electronics & Industrial Technology Exhibition”, “SE- ED Kiddy Camp”

Remarks – The revenue has been rearranged for comparison with the current year.

Major Products and Services SE-ED is the publisher and distributor of its own range of modern publications as well as other publisher's through SE-ED Book Center and Book Variety branches nationwide including the bookstores chain expansion and sales area in various forms.

Product and Service are operation as follow:

1. **Books** Currently the company is the country's largest technical book publisher, and the market leader of books in such fields as computer, electronics, engineering, knowledge enhanced books for youths, business/management, and self development books.

*One of SE-ED'S bestsellers :
The Rich Dad's Series (Thai Edition)*



*SE-ED's bestsellers in Business Management
and computer*

2. **Magazines** The company is also the publisher of 11 magazines in science and technology field as follows::

- **Semiconductor Electronics** Monthly Magazine emphasized on electronics launched in 1974.
- **Microcomputer** Monthly Magazine devoted entirely to PC technology circulated since 1983.



8 of 9 SE-ED's magazines published and circulated nationwide

- **Update** Monthly Magazine catered to those readers who want to keep abreast of latest developments in the world of science and technology published since 1978.

- **Hobby Electronics** Monthly Magazine specially geared to the needs of those fledgling electronics enthusiasts and also interested readers launched in early 1991.
- **Microcomputer User** Monthly Magazine targeted to general users of PC technology. Circulated since late 1993.
- **Industrial Technology Review** Monthly Magazine launched in mid-1994 provided reading material on major developments in industry and technology for factory engineers and general readers.
- **Internet** Monthly Magazine concerned to the needs of those Netsurfs and interested readers. Launched in mid-1996.
- **Mechanical Technology** Magazine is the 2 month magazine launched in mid-2001
- **The Absolute Sound & Stage** Magazine is the monthly magazine about video and audio for home, car, studio and stage launched in the end of May 2002.

The Thailand Electronics & Industrial Technology Trade Show – organized yearly by SE-ED



The atmosphere of the “Thailand Electronics & Industrial Technology 2001”

- **Extreme Technology** Magazine is the monthly magazine about new products, technology and new hi-tech products with comparative performance for buyer decision. Launched in late of October 2003.
- **Smart Purchasing for manufacturers** is a fortnightly magazine about new products, news and articles for procurements personnel in industrial plant. Launched in January 2004.

The revenue from this part comes from the sales of magazines, advertising and special edition.

3. Distribution – In addition to book distribution through bookshops in Bangkok and nationwide, the company distributes to its own bookstores chain called SE-ED Book Center. The company distributes own publications through bookshop outlets and educational establishments nationwide. Furthermore, the company distributes books, published by other local publishers and by various organizations, which are in line with its distribution policy.



Samples of books from various publishers distributed by SE-ED

Currently, the company has a selection of over 1,300 titles in print, and distributes over another 2,600 titles from various publishers and organizations.

As far as magazine distribution is concerned, the company seeks service from multiple magazine distributors to cover retail outlets in each area of Bangkok and its vicinity. As for those shops in upcountry, the company seeks service from provincial distributors to cover them through their agent shops in each province.

4. SE-ED Book Center and Book Variety - Since Thailand is lack of qualified bookstores, consequently the publishing industry is not developed properly. Most bookstores are not ready to expand any branches. As a result the company set an aim to operate its own bookstore since mid-1991 for the growth revenue of own-published and to distribute book production and to increase the growth of book industry. SBC also serves a testing ground to study retail-related problem and to experiment with ideas in sales promotion, marketing activity and shop management.

In 2002, SE-ED launched new bookstores under the name “Book Variety”, which is the same name as the company own TV program broadcasted on UBC cable TV channel 8 (Now this program has been transferred to broadcast on TTV Channel 1) The store is designed to be bright and fresh looking.

SE-ED Book Center and Book Variety are medium-sized general bookshops, modern in both design and layout for selling efficiency, and located in convenient areas, such as leading shopping malls (Central, The mall, Robinson, Future Park-Ragsit, Future Park-Bangkae ,etc) and super centers (Tesco Lotus, Big C, Carrefour, etc.) and educational establishments in Bangkok and other provinces. The company lays stress on being the center of substantial books and edutainment media for families and working adults.

As at December 31, 2003, there have been 142 branches of SBC opened, in this amount 138 branches are still in operation with 77 branches in Bangkok and nearby provinces, and 61 branches in other provinces. SE-ED owns 133 branches, another 2 branches are SE-ED Book Center Network Bookstores (SE-ED Book Center fully supports the shops by providing all merchandises) and 3 branches are SE-ED Network Bookstores (SE-ED not fully supports, the shop owners have to order the merchandises by themselves) Moreover, SE-ED also takes charge of managing the books and magazines sales spaces of super centers, TESCO Lotus Express stores, and other shopping centers in several sales models totaling of more than one hundred different sales locations.

Currently, SE-ED Book Center and Book Variety operate the highest number of chain bookstores with the greatest sales volume in Thailand.

SE-ED Book Center and Book Variety’s branches at year-end

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Branches increase in year	2	1	1	4	2	2	10	13	12	19	28	25	23
Branches closed	-	-	-	-	-	-	-	-	-	(1)	-	-	(3)
Total existing branches	2	3	4	8	10	12	22	35	47	65	93	118	138

Remarks – There is a reclassification of bookstores branches to be proper managed, so the number of branches may be different from the previous documents.

5. **Other activities.** With the existing human resources the company also performs additional activities as follow:

- Organized the Thailand Electronics & Industrial Technology Trade Show in order to earn more revenue as well as to promote Thailand's electronics industry.
- Organized SE-ED Kiddy Camp for the youth age from 8-14 year which were held in academic vacation period.
- Operated the Book Variety Program which is the television program about books circles , broadcasted on TTV1 Nation Channel every Saturday and Sunday at 9.00 am – 9.30 am.
- Receiving orders for desktop computers and notebook computers from the “Utmost Worthwhile Computers” and “Utmost Worthwhile Notebooks” projects by using SE-ED Book Center branches, Book Variety branches and all the company bookstores network as the receiving channel in year 2003 in order to offer interesting products to customers via the company retail outlets which achieved great success.

Policy and Marketing

Marketing Strategy Throughout the past 30 years, the company has been a leading initiator in the technical book publishing business, especially in the “How-to...” category. This reputation as Thailand's main publisher of technological books and journals enabled its other operations to flourish and enjoy greater success. The company's marketing policy emphasizes on :

- selective of location for new SE-ED Book Center and Book Variety branches :– only the location of high potential to making profit in long term will be considered.
- creating total added value by utilizing the strong point of having company own retail outlets, SE-ED Book Center and Book Variety. Focus in creating distribution models appropriated for each shop in each book and each category to hit the target group of customers and reduce the sales return rate.
- setting direction, selection and production plan of new books accord with the market's need. So the main products will have long life cycle time in the market and will make profit in long term.
- developing tools and channels for public relation activities in order to promote the new products for gaining more chances to be success since launching time.
- creating the good relationship with suppliers and customers in all levels to be impressed in co-operation and get more business opportunities.

Policy on Price The company pricing policy is setted conformably to purchasing power of each target group ,tally with real production costs and having reasonable profit in long run. However, this will not be applied to magazines sales, which depend on advertising income as the main revenue earner.

Distribution Channels The company distributes books and magazines to SE-ED Book Center, Book Variety and other bookshops in Bangkok and other provinces by managing the distribution channels according to customers, products and services as follows:

1. **Retail customers.** The customers are general readers and working people. The company distributes books and magazines to 142 branches with 138 branches still in operation including 5 branches for network shops (as at December 31, 2003) which located in leading shopping centers and super centers in Bangkok and other provinces and also in the higher educational institutes.

2. Wholesale customers. With around 700 groups of customers throughout the country, the company distributes books and magazines to several bookshops in Bangkok. For distribution to provincial bookshops, the company uses either a service of The Express Transportation Organization of Thailand or other private companies for case by case.

For circulation and distribution of magazines in Bangkok and its vicinity, the company has distributed via several distributors to disperse to bookstores and newsstands in each area. For other provinces, one distributor has been assigned to distribute to bookstores and newsstands all over the country.

For circulation and distribution in Bangkok and its vicinity, the company utilizes the “Standing Order” distributive system, a combination of consignment and non-returnable sales system. For most of booksellers in other provinces, a non-returnable sales system has been applied with a limit of returnable quantities.

3. Advertisers. Major companies in the industrial circles including the computer and electronics circles are both regular and irregular advertisers in the company's monthly magazines.

These customers are not related in any way to the company and have no future obligations whatever with the company.

Industry Overview and Competition

The publishing industry grew ever larger growth rate expected to be around 10-15% for 2000-2003. There are still market opportunities, therefore many new faces occur in the publishing business, retail business and magazines business. Thus the tough competition has begun. Anyway this will inspire the market long-term growth.

However, the company has still have a very good growth rate in book publishing business, wholesale and retail business. As the company still held strength in these area. Whereas the magazines business still grows in overall but the computer periodicals were hardest hit by competition and an advertising price war, reducing its advertising revenue significantly. However, electronics and industrial periodicals still show significant growth.

Opportunities and Threats Government policy currently promotes more advanced education among people to better prepare them for global change. This, in turn, stimulates a greater thirst for new areas of knowledge, triggering an increase in local demand for books. All these conducive factors contribute much to the even brighter and more stable future for the book business as a whole, particularly technical books and magazines. The rapid expansion of mega stores and super centers all over the country have helped mushroom the company's sales outlets. As a major publisher and distributor of technical books, and being owner of largest bookstores chain with high liquidity cash basis, the company is in a strong position to respond to this encouraging market trend, and grew ever larger than the market average growth.

Key Success Factors The factors that contribute to the company's current leading position and the company's more important role in future book business can be summarized as follows:

- **Business policy is evidently conducive to national development** Since its inception the company has all along adhered to its business in knowledge dissemination, with a view to developing the full potential of Thai people in areas essential to national development. The company's continued growth is in line with national development, and fortunately not severely affected by the economic slump. Besides which, its corporate image is clear, well received and trusted by every party concerned.

- **SE-ED has the tools and business components to efficiently operate future business.** Nowadays, the company's Business Operating Structure divisions co-operate with each other to reach success.

1. The company has its own location and distribution system via the SE-ED Book Center, and Book Variety, which is considered a hot spot, as well as via many other channels nationwide. SE-ED's distribution system is considered the best in the industry.
2. The company also has its own media and public relations, including 11 different journals, a Book Variety TV Show, website www.se-ed.com, free email service and free homepage via www.se-ed.net. The company is also associated with Nation Multimedia Group Plc., a major shareholder, offering SE-ED special rate access to their multimedia facilities.
3. The company also has its own contents in printed publications and with its own editorial staffs, consisting of many competent people, enabling the company to produce academic printed media by itself.

- **Few competitors and they are not large scale companies.** The trend of knowledge and information dissemination business and publishing business has quite a bright future and grows continuously. As the company publishing business need a specialize competent personnel to write an academic text book, so there are very few direct competitors. Otherwise the company has been in this business for more than 30 years and adheres to quality, services and honesty as the important role. This causes the company to attain a good image and affects to the company products and services to be supported and easily recognized with superior trustworthy from authors, readers, advertisers and distributors.

In case of retail bookstores business, although more large scale companies join in this business but customers segmentation depend on the products mixed and locations for each shop which does not affect much to the company. Whereas the company stands in the state of market leader with great financial strength, well recognized from readers and most readiness to expand bookstore branches. So the competitive distance to others can be kept much apart, leads to the advantage of early good location choices and lower operating cost.

- **Market share.** As the company is the market leader in 3 roles :- retailer as bookstores chain, wholesales as books distributors, and books publishers. This causes the company in the status of the largest trader in books business often gains more business opportunity deals. The advantage in competition is increased naturally.
- **Supersede products.** The rapidly development in industry and business leads to a need in new learning and developing knowledge to avoid disadvantage in competition. Regardless of how far the communication and computer technology progress, books have still been the only media to impart knowledge to people conveniently everywhere, every time, inexpensive and long lifetime.
- **Bargaining power of buyers and sellers.** As the company has prescribed pricing policy to be accordance with the actual cost for each edition printing and buyers think highly of knowledge learning and realize the need of using the knowledge to keep abreast with life in order to catch on the global development. Besides, buyers have higher level of education in average and will be even higher in the future, the reading requirement is higher conform to the level of education. Then the company's books selling does not run up against price bargaining from buyers.

Procurement

1 books for distribution. At present the books that are distributed to all bookstores through out the country come from the company own publishing house and other more than 200 publishers that contact to the company distribution business unit to distribute nationwide. The company will consider only the products which are in accordance with the company direction and have sales opportunity. The revenue of 10 largest suppliers that distributed by the company is total to 14.35 % of the company total books business in 2003.

2 books and other goods SE-ED Book Center deals directly. SE-ED Book Center receives goods from 2 channels. From the company distribution business unit which is the distributor to the whole country and the other channel, the mostly one, deals directly to suppliers by the marketing department of SE-ED Book Center in charge of consideration and selection products for sales in the company bookstores.

3 books and magazines published by the company. This business line has been authorized by the book publishing group and the magazines group to prescribe the direction and selective of original manuscripts to publish including the production process of printing into complete copy for handover to the company distribution group for distribution.

Production power usage ratio. As the company does not own any printers, then the production of books and magazines are in the responsibility of in-house work group to take care of the production throughout the complete cycle and spread the printing jobs to several printers matched with the schedule. Therefore the real production can be increased or decreased without any loss in vain.

Raw material and supplier. Paper is the main raw material which the company purchased from local distributors in lump sum (no any import paper by the company). The types of paper used in production of books and magazines mostly are woodfree , newsprint , coated and cover coated .

Risk factors

The factors that may cause risk for investment of investors or affect the issuer are as follow:

Risk from deficiency of special field expert personnel. Experts and specialized field personnel are the most important resources in academic books and magazines production including other creative works in the company business line which most of them are the pioneer businesses.

The company has aimed at the importance of the personnel mentioned above, then the ESOP project has been set up to provide stock options to employees to persuade them with motivation to create company growth in long-term This project has been approved from SEC to issue warrants in December 2001. Besides the company has also provided training and developing the company culture in order to improve the employees to gain higher potential and work more happily.

Risk from distribution channels. One of the main distribution channels is the retail bookstores chain in SE-ED Book Center brand and Book Variety brand name in leading department stores and super centers all around Bangkok and upcountry. The weighted revenue from this channel is about 80.06 % of company total revenue in 2003.

Then the company spreads risk by opening the bookstores distribute through several groups of shopping center groups , not binding to any malls or opening bookstores in one specific shopping mall group only. Most of the leasing contracts for bookstores are in long term period for stability in sales location investment. Therefore if any malls or super centers encounter problems or can not operate in any condition or changing leasing policy, the company only gets effect partially.

Besides the company has insured coverage damage occur to assets and goods to reduce unforecast risk from any harms probably happen to the bookstores branches.

However the growth of bookstores branches expansion in the super centers may be effected by the slow down growth of super centers in case of the government enacts law to control of the super centers expansion more strictly.

Copyright t infringement. The academic books production may have risk from being sued in case of the company infringed a copyright of others such as an author or publisher has infringed a copyright and entrust the company to publish and/or distribute while the company didn't know about the infringement. The copyright holder may sue the company as the publisher or the distributor. Therefore the company editorial staffs have to select the original manuscripts more carefully and cautiously in order to avoid the copyright infringement problem. Besides the company has specified in the contract with authors or manuscript owners that they have confirmed their works did not infringe any copyright and will subsidy all damages happened to the company if the copyright infringement occurred. This will reduce the probability of any damages caused by this problem.

However very few problems occur and the effected value is not material.

Risk of outdate products and superseded by other media. .At present the computer technology has been developed rapidly so the sales duration of computer books which the company is one of the leader in this field is shorter than before. And the electronics media has begun to replace books in some category and some application so the company has modified the direction by increasing the ratio of books with long length of sales and have large volume sales in production line. Including the set up of company web site www.se-ed.com for interesting people can be informed more quickly about the new books launching.

However the foreign statistics shows that even the electronics media will be rapidly developed but still take more adequate time to start effect to books business significantly. At that time the company can adapt to this trend in time as the company has already provided infrastructure for this case.

Risk from raw material deficiency. Paper is the important raw material in books production and price has been changed vary to market demand and production quantity all the time. But the books published by the company have target group with purchasing power and well educated so that the company can use the policy to set price in accordance with the real cost in that period, then this does not produce a great impact.

Risk from printing industry. As the company has not invested in printers so there is no risk and does not affect adversely from price war in printing industry. The company chooses several printers to support productions so that the company can control expense properly to the competitive printing price offer all the time and can fix the production time duration definitely.

Shareholder Information and Management Structure

Major Shareholders List of the first 10 major shareholders according to article 258, Stock and Stock Exchange Act B.A. 2535, as of December 1, 2003.

	Shareholders	Number of Shares	Percentage of Paid-up Capital
1	Nation Multimedia Group Plc.	51,979,410	24.31
2	Mr. Rit Thirakomen	21,035,960	9.84
3	HSBC (SINGAPORE) NOMINEES PTE LTD.	15,000,000	7.01
4	Mr. Thanong Chotisorayuth	8,299,690	3.88
5	Mr. Pongsak Sivapatrakumpol	5,895,830	2.76
6	AJF Star Income Fund	5,741,400	2.68
7	Ayudhya Allianz C.P. Life Public Company Limited	5,453,100	2.55
8	Ms. Nutjana Phuworawan	4,634,000	2.17
9	Ms. Wannaporn Phuworawan	4,628,000	2.16
10	Morgan Stanley & Co. International Ltd.	4,000,700	1.87
Total		126,668,090	59.23

**Remark* As at December 31, 2003 Nation Multimedia Group Public Company Limited held 46,979,410 shares account to 18.42% of paid-up capital.

Names of main shareholders who practically have material influence in prescribing the management policy or the company operation are:

1. Nation multi media group Plc.
2. Morgan Stanley & Co International Limited

Management Structure

Management Structure consists of 2 boards and 2 subcommittees. The boards are board of directors, board of Audit Committee. The subcommittees are New Products Subcommittee and Remuneration Subcommittee. The authorizations are as follows:

The Board of Directors has the duty to make recommendations and to establish company policy, working strategy and other visions of the company's operation.

As of December 31, 2003 the Board consisted of the following 14 members:

- | | |
|--------------------------------|--|
| 1. Mr. Tanachai Theerapatvong | Chairman |
| 2. Mr. Saroj Lamlertprasertkul | Chairman of Audit Committee / Independent Director |
| 3. Mr. Pravit Tuntivasinchai | Audit Committee / Independent Director |
| 4. Mr. Somchai Hanchitkasem | Audit Committee / Independent Director |
| 5. Mr. Somboon Chinsawanant | Director / Independent Director |
| 6. Asst. Prof. Yuen Puvorawan | Director |
| 7. Mr. Wattana Chiengkul | Director |

8. Mr. Pirach SitthaKul	Director
9. Mr. Suthichai Yoon	Director
10. Mr. Eugene S. Davis	Director
11. Mr. Worasith Pokhachaipat	Director
12. Mr. Thanong Chotisorayuth	Directors / Managing Director
13. Mr. Viboolsak Udomvanich	Director / Deputy Managing Director /Company Secretary
14. Mr. Pongsak Sivapatrakumpol	Director / Deputy Managing Director

The directors authorized to sign for and bind the company to independently conduct various matters consist of Managing Director and Deputy Managing Director, with company-logo stamped and signed by at least two-thirds of authorized directors.

The company secretary has duty to take care of company conductions to be complied with the laws and the company regulations.

The Audit Committee has the duty to encourage operational efficiency and increase the organization's value to give effect to

1. increasing confidence and trust in the company's financial statements and reports.
2. improving the function and process of internal and external audits and improving the efficiency of communications between the internal audit committee and the auditor.

As of December 31, 2003 the Audit committee consisted of the following 3 members and Secretary of the Audit Committee :

- | | |
|-------------------------------------|---|
| 1. Mr. Saroj Lamlertprasertkul | Chairman of Audit Committee / Independent Director. |
| 2. Mr. Pravit Tuntivasinchai | Audit Committee / Independent Director. |
| 3. Mr. Somchai Hanchitkasem | Audit Committee / Independent Director. |
| 4. Mr. Wachiratham Siriarchawattana | Secretary of the Audit Committee. |

Scope of Duties of the Audit Committee

1. Review of the financial statements of the company before submitting to the board of directors.
2. Give recommendations on appointment and fixing remuneration of the auditor. Coordinate with the auditor on the auditing objective, scope and guideline, the plan and the problems found during audit and the issues the auditor deems essential.
3. Coordinate with the internal auditor of the company on the objective and planning on the audit. Report results on the evaluation of the internal control of the company. Evaluate on sufficiency of the resources used in the internal control, including the problems found during the inspection.
4. Give consultation and review results on the audit and recommendations on the auditor and the internal auditor, including follow-up on the implementation of the management on such recommendations to be submitted to the board of directors.
5. Take care of preventing of conflict of interest occurrence and consider to disclosure company information clearly and correctly in case of there are connected transactions or items probably to cause conflict of interest.
6. Consider, select and raising appointment of auditor , and evaluate the auditor achievement.

The New Products Subcommittee As of December 31, 2003 the Subcommittee consisted of the following

members:

1. Mr. Thanong Chotisrayuth Director / Managing Director
2. Mr. Viboolsak Udomvanich Director / Deputy Managing Director
3. Mr. Pongsak Sivapatrakumpol Director / Deputy Managing Director
4. Assistant Managing Director in charge of involved products
5. Editor or Manager in charge of involved products

Scope of Duties of The New Products Subcommittee

1. Joint consider , analyze the prospective sales and marketing plan.
2. Prescribe the price strategy and marketing strategy for new books and magazines.

The Remuneration Subcommittee, appointed by the board of directors, has the joint duty to review the annual remuneration for the management team to be commensurate with the responsibility and the outside labor market. AS of December 31, 2003 the Remuneration Subcommittee comprised three persons as follows:

1. Mr. Somboon Chinsawanant
2. Mr. Worasith Pokhachaipat
3. Mr. Thanachai Santichaikul

Scope of Duties of The Remuneration Subcommittee

1. Present the policy and criteria on payment of the remuneration for the directors, managing director, senior executives, advisors to the board of directors, subcommittees appointed by the board of directors.
2. Consider the annual remuneration of the directors, managing director, and senior executives, advisors to the board of directors, and the subcommittees appointed by the board of directors.

Executive members as of December 31, 2003. There are 10 members ,the order 1 to 6 are the executives, the order 9 to 10 are the executives in accordance with the definition of SEC promulgation as follow:

1. Mr. Thanong Chotisrayuth Director / Managing Director
2. Mr. Viboolsak Udomvanich Director / Deputy Managing Director
3. Mr. Pongsak Sivapatrakumpol Director / Deputy Managing Director
4. Mrs.Montalee Chotisrayuth Assistant Managing Director – SE-ED Book Center
5. Ms. Karnchana Charoenwong Assistant Managing Director – Sales and Distribution
6. Mrs.Nuchanart Kongvisaisuk Assistant Managing Director – Magazines
7. Mr. San Simasuwanrong Engineering & IT Director
8. Mr. Viroj Lackanaadisorn HR & Org Dev Director
9. Ms . Sajipat Pumpuengputh Finance Manager
10. Ms.Aree Sae-ueng Accounting Manager

Scope of Duties of Managing Director. At the meeting of the committee 7/2544, Thursday, 20th September 2001, the conclusion was approved for the managing director to be authorized to deputize for all directors:

1. To administer company affairs, follow objectives and obligations, including procedures and resolutions issued by the committee and have authority to direct all professional staff and employees. In managing company business, the Managing Director is directly responsible to the Committee.
2. To hire, occupy, promote and punish, professional staff and employees on their resignation, promotion, or salary adjustment. This directive excludes professional staff and employees who are employed, occupied, promoted or punished and acquitted by a committee, or procedural regulations.
3. To regulate conditions of employment of professional staff and employees, to order or announce the procedure of administration and operation which does not obstruct the company's regulations, the committee's agreements, the labor law or other related laws.
4. To operate any other business following company regulations and the committee's agreement, including assigning operational functions to the company's officers and employees.
5. To act and commit for endorsement of contracts permitted under license and any other contracts involving licenses with appropriate circumspection to prevent any violation of a license held by others.
6. For any business related to external sources, the Managing Director and Authorized Directors have the authority to act and commit in the scope of the authority, specified in regulation No.1. Except any business in which the Managing Director and Authorized Directors might be in disagreement, or have some benefit from that business, or conflict with the company or company's subsidiaries. Conclusion would be reached when the committee meeting includes the independent directors. To meet this success, the managing director and an authorized directors will assign any person as a representative to respond to that particular duty.
7. If the managing director is absent, or not available, the deputy managing director will act on his behalf for general routine work and report to the managing director afterwards, other than that will request permission to proceed from the chairman. When there is a vacancy for the position of managing director, the acting managing director will be selected from the list of directors or shareholders approved by the board of directors.

Directors and executives of the company are qualified under Article 68 of the Act of Legislation for a Public Limited company (1992), provided they are not disqualified in accordance with the announcement of the Stock Exchange Commission, to deal with requests and permission to sell new bonds issued on March 22, 2000.

Nomination of Directors and Executives The company does not have a committee for specific nominations. Nominations will be operated as follows:

Component and Appointment of Directors According to company regulations, the number of directors will consist of not less than 5 persons and at least half of whom must have residence in the Kingdom.

Directors will be elected in the general annual meeting of shareholders. One shareholder will have one vote for one share. Each shareholder must cast all the votes to select one or several persons as directors but may not share out the votes in any more or less manner to any candidate.

Persons receiving the maximum number of votes consecutively will be elected as directors. If too many candidates receive equal votes, they will draw lots to determine final selection.

At general annual meeting, one-third of directors will be retired. If the number of directors cannot be divided into three equal parts, the number of retirements may be calculated to the nearest one-third.

Directors are not allowed to operate another business, or to become partners or shareholders in other corporate that operate in the same business and compete with the company, unless they have informed the shareholders' meeting prior to the appointment.

Directors must inform the company immediately of any changes in interest to their contract with the company, or from their decrement and increment of bonds and shares of the company and subsidiary companies.

The signatures of two out of three directors, approved by a meeting of directors, with the stamp of the company's seal are considered a binding authorization by the company. The board of directors will delegate the names of directors selected for this duty.

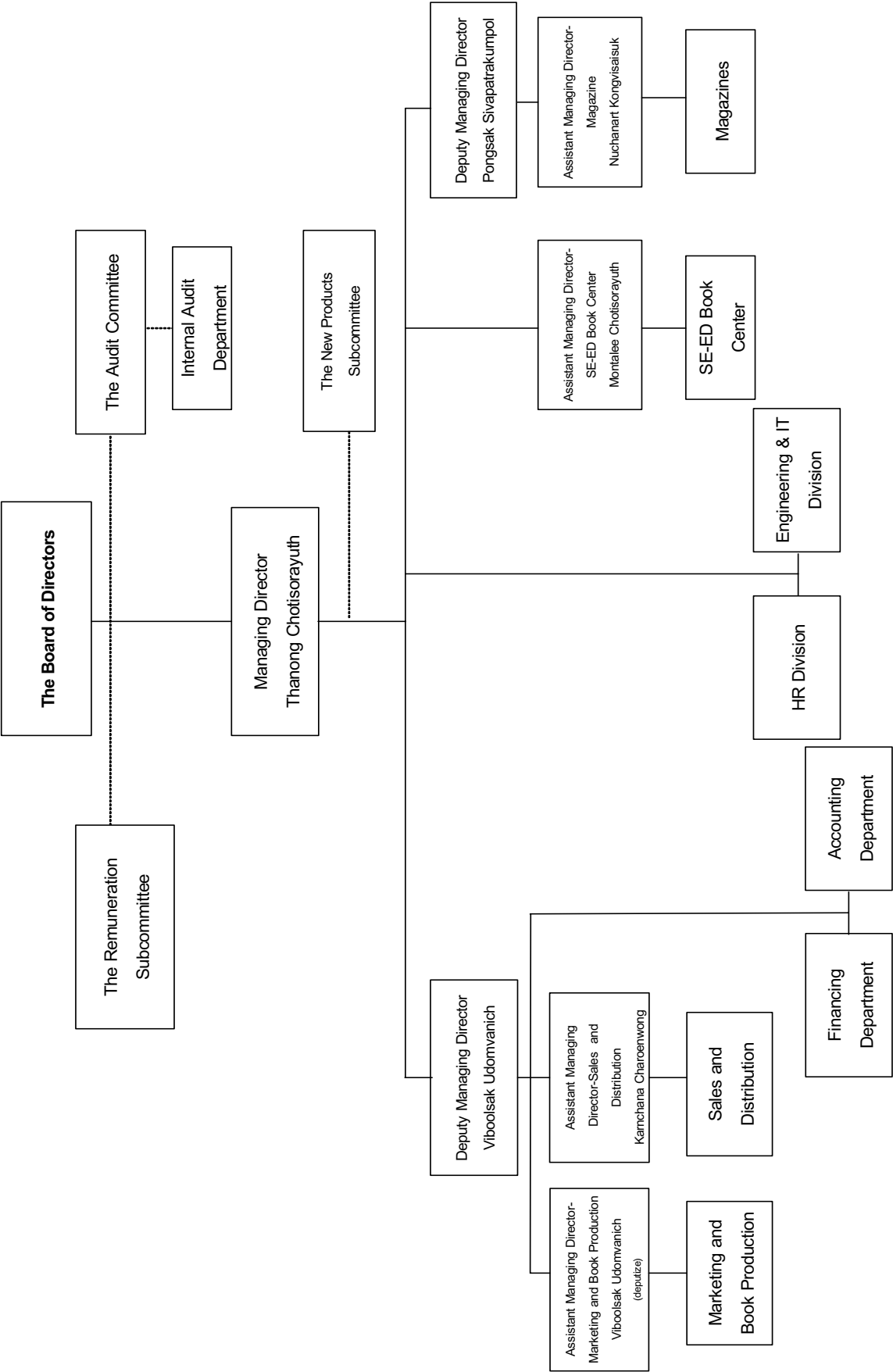
Component and Appointment of The Audit Committee The board of directors appoints the audit committee, each member is qualified according to the promulgations of the Stock Exchange of Thailand.

Component and Appointment of The New Products Subcommittee By their appointment, the managing director is also the chairman of The New Products Subcommittee, authorized to appoint other members of the subcommittee concerning the new products section.

Component and Appointment of The Remuneration Subcommittee The board of directors appoints the Remuneration Subcommittee from member of the board of directors and outside people who are experts in the publishing business.

Directors represent main shareholders as at December 31, 2003 The company has 4 directors who represent main shareholders, 2 directors are representatives from Nation Multimedia Group and 2 directors from Morgan Stanley & Co International Limited .

SE-EDUCATION PUBLIC COMPANY LIMITED
Organization Chart



Remuneration for Executives

(a) Remuneration for Board of directors consists of 14 persons

Items	Cash Remuneration		Non-Cash Remuneration	
	Amount	Total (Baht)	Amount	Total (Baht)
Meeting Attendance fees	14	672,000	-	-
Emoluments	14	1,010,000	-	-
Other Remuneration:	-	-	-	-
Total		1,682,000	-	-

(b) Remuneration for Executives and executives who are not directors (accordance with the definition of SEC promulgation exclude finance department manager and accounting department manager and Khun Pochanee Nirasrop*) total of 6 persons.

Items	Cash Remuneration		Non-Cash Remuneration	
	Amount	Total (Baht)	Amount	Total (Baht)
Salaries	6	11,197,716	-	-
Bonus	6	4,345,421	-	-
Other Remuneration:				
- Contributions for the Provident Fund	6	559,896	-	-
- Vehicle Expense	6	732,000	-	-
- The difference between stock market price and exercised price (ESOP)	-	-	6	5,496,842.50
Total		16,835,033		5,496,842.50

Remark * In the year 2003 Khun Pochanee has passed away during the year ,received non-cash remuneration of 521,692.50 Baht which was the difference between the company common stock market price and exercised price(ESOP) for the year 2003.The company didn't pay remuneration in cash to Khun Pochanee Nirasrop . The remaining stock option right of Khun Pochanee has descended to the heritage of Khun Pochanee Nirasrop.

Good Corporate Governance

The company gives great importance to the good corporate governance and establishes the good governance process with the audit committee being a vital mechanism for the board of directors to inspect the proper management and operation to be compliance with standard procedures and in correct direction. The characters and scope of duties of the audit committee are under the principles of good corporate governance specifications set by the Stock Exchange of Thailand.

Policy on Good Corporate Governance

The board of directors has been aware of the importance of good supervision to increase transparency, competitiveness and confidence to the shareholders, the investors and the involved parties. So it has prescribed a policy on advocacy of supervision on the business to essentially cover as follows:

- Treatment of shareholders and stakeholders equally and fairly to all concerned.
- The board of directors has determined to increase value to the business in the long run and manages the business thoroughly and carefully. It is responsible for working with ability and efficiency for optimization to the shareholders, and makes sure there is no conflict of interest and is responsible for its own actions.
- Operations must be transparent, able to be inspected and the information disclosed sufficiently to all parties concerned.
- Operations of the business considering the inherent risks with appropriate control and management.
- The company prescribes the business ethics for the directors, management and all employees to uphold.

Shareholders : Rights and Equitable Treatment

In 2003, there were twice shareholders meeting which was the annual general meeting for 2001 and one extraordinary meeting. The meeting were held at the company. The meeting notices and information on the agenda were sent out to shareholders 14 days in advance. In each item, the opinions of the board of directors and the minutes of the meeting were available for all shareholders to inspect.

In 2003 the company started to add alternatives to the shareholders by enabling independent directors to act as proxies for the shareholders who cannot attend the meeting. Also the company had a policy to improve the information for the meeting with more details. Since the company realizes the importance of the right of the shareholders to access to the information of the company. It shall increase details on the matter for consideration, reason, and necessity; with both positive and negative impacts on each item.

Various groups of Stakeholders

The company has given priority to all groups, regardless of being internal vested interests such as the employees or the management of the company or external vested interests such as trade partners, competitors, writers, translators, public servants and other involved parties. Since the company realizes that support from vested interests can help in competitiveness and profit building of the company, they are regarded as important to the long-term success of the company.

Shareholders' Meeting

In the meeting of the shareholders in 2003 the chairman of the meeting gave an opportunity for the shareholders to have the equal right to inspect the operations of the company. They were able to inquire and express opinions and give recommendations, including recording issues on essential questions and opinions in the minutes of the meeting.

Leadership and Vision

The board of directors has participated in determination of vision, missions, strategies, goals, and business plans, including supervision for the management to comply with the specified business plans effectively and efficiently to increase the highest economic value to the business and maximum reliability to the shareholders.

The board of directors has organized the company to have internal controls, internal audit and measures to manage risk effectively, including continuous follow up on such matters in the board meetings.

The board of directors shall consider prescribing and separating the duty and responsibility between the subcommittees and the management clearly as the details in Management Structure Heading including communicating the roles, duties and responsibilities to the directors, subcommittees, the management and the employees of the company regularly.

Conflict of Interest

For prevention of conflict of interest the board of directors has paid special interest to items that may have conflicts of interest. By prescribing policies and procedures on approval of the connected items in writing, including prescribing the policy and supervision method so the management and the involved parties cannot use insider information for personal interest as follows:

Items that may have conflicts of interest. The board of directors has learned of the items with conflicts of interest and the connected items and has considered appropriately each time. It includes complying with the criteria of the Stock Exchange of Thailand (SET) on the price and item as if it were on an arm's length basis. The detail, value, contract partner, reason/necessity of such connected items that are essential shall be disclosed in the annual report and the annual information form.

Supervision on the use of insider information. The company prescribes the management to report on the change of the holding of securities to the Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) pursuant to Section 59 of the Securities and Stock Exchange Act 1992. It also forbade the management or its departments that receive the insider information from disclosing the information to outsiders or uninvolved persons, and would not buy the securities of the company a month before the financial statement is distributed to the public.

Business Ethics

The company has upheld doing the right thing as a guideline for business of all the directors and employees. The company has announced the enforcement of business and employee ethics for the directors, the management and all the employees to uphold as guideline in performing duties according to duty with loyalty, honesty and justice. In addition, this also includes conduct with the company and vested interests, the public and society. The company has assigned the internal audit section to continuously follow up on compliance with ethics, and prescribes disciplinary actions in case of violations.

The board of directors has confidence that a good corporate governance process can help to promote the operations of the company, and is the heart of achieving the important basic target to optimize value for the shareholders. The values the company aims and expects for all the directors and employees to do in all missions are:

- Giving highest priority to building satisfaction for customers.
- Having confidence in working together.
- Dedication towards work with virtue and professionalism.
- Upholding the principles of good procedure and discipline.
- Readily responding to all uneventful situations.

Balance of Power for Non-Executive Directors

The board of directors consists of 14 members.

- Directors that are in the management team: 3 persons
- Directors that are not in the management team: 7 persons
- Independent directors: 4 persons

Thus, the company has four independent directors equivalent to 29% of the total. However, the company has a policy to recruit independent directors to account for no less than one-third of the total.

Aggregation or Segregation of Positions

The chairman of the board is the representative of the largest shareholders holding 24.31% of the total shares. (information as at the registra date of December 1 ,2003)

The chairman of the board is not the same person who holds the position of managing director. Moreover, the structure of the board of directors consists of 4 independent directors given the check and balance system on the administration.

Remuneration for the Directors and the management

The policy on remuneration for the directors has been prescribed clearly and transparently with the remuneration at the same level as industry wide, and it is sufficient to take care and keep qualified directors as needed. The meeting of the shareholders has received approval already, and the directors that have been assigned as audit committees shall be given additional remuneration according to the increased volume of work.

Remuneration for the management shall comply with the principle and policy that the board of directors prescribes, which relates to the operation of the company and results of the management of each person. The subcommittee shall consider the remuneration and present the appropriate amounts to the board of directors for consideration and final approval.

The company has paid total remuneration to the directors and the management in 2003 amounting to 24.54 million Baht for Cash Remuneration amounting to 18.52 million Baht and for non- cash Remuneration to 6.02 million Baht with the details in Management Structure Heading.

Board of directors' Meeting

The board of directors has meeting schedules in advance and extra-meetings as necessary by specifying the agenda in advance, to follow up on the operations regularly. The secretary of the company shall prepare the meeting notice with the meeting agenda and documents at least 7 days in advance. So the board of directors has time to study the data sufficiently before attending the meeting. In 2003 the board of directors held a total of 4 meetings.

Furthermore, there were written minutes of the meeting that were filed and certified by the board of directors for the board of directors and involved parties to audit.

Committees and Subcommittees

The board of directors has appointed a committee and subcommittees to help supervise the business of the company as follows:

1. The Audit Committee
2. The Remuneration Subcommittee
3. The New Products Subcommittee

The lists of the committee and subcommittees with their scope and duties of each is detailed under the Management Structure Heading.

Controlling System and Internal Audit

1. Control and internal audit system, the company has given priority to internal control of the management and the operation level, so it has prescribed duties and powers on the operation of the operators and the management clearly and in writing. There is control on the use of the assets of the company to generate benefits, and there is separation of duty between the operators, the controllers and evaluation from each other for suitable check and balance. Moreover, there is internal control on the financial system and the company prepares the financial report system for submission to the responsible management line.

The company has an internal audit unit responsible for checking for assurance on the main practices and important financial activities of the company according to the guideline and effectiveness. It includes audit on legal compliance and compliance control as well as the internal audit unit to be independent and capable of doing the check and balance fully. Therefore, the board of directors has prescribed the internal audit unit to report the results of the audit directly to the audit committee, and is evaluated by the audit committee too.

2. Risk management. The risks are regularly evaluated against doing business on the internal and external factors. The working group consists of the assistant managing director in the involved line for each risk, and the supervisor of each unit involved in the analysis and causes of risk factors, prescribing measures on risk management including follow-up on the risk management plan.

Directors' Reporting

The board of directors is responsible for the financial statements of the company and financial information appearing in the annual report. The financial statements are prepared according to generally accepted accounting principles in Thailand.

Using the accounting policy that is suitable and practiced regularly and with careful discretion and the best projections in the preparations, including disclosure of the important data adequately in the notice supplementing the financial statements.

The board has provided and maintained all necessary requirement of the internal audit with effectiveness and logical confidence that the accounting records are correct, complete and sufficient to maintain the assets. The board also wanted to be aware of any defects to prevent any significant irregularity.

The board of directors of SE-EDUCATION Public Co., Ltd appointed the audit committee consisting of non-management directors to supervise the quality of the financial report and internal control, as well as the opinions of the audit committee. Comments concerning this matter appear in the report of the audit committee, already shown in the annual report.

The board of directors consider overall internal control of SE-EDUCATION Plc. is satisfactory, and can build confidence logically on the reliability of the financial statement of SE-EDUCATION Plc. as at 31 December 2003.

Relations with Investors

The board of directors is aware that data concerning the company's finance and non-finance aspects have affected the decision-making process of investors and vested interests. It therefore ensured the management implemented matters concerning disclosure of data were complete, accurate, reliable, regular and in time, to which the management has always given priority to and upheld all along. On investor relations the company has not set up a specific unit, as there still are not much activities in this matter but has assigned a deputy managing director to liaise with institutional investors, shareholders, including analysts and the public sector involved. Since activity on such matters is minimal, investors may contact 02-751-5888 or e-mail: ir@se-ed.com and website www.se-ed.com for more information.

Use of Internal Data

The company has prescribed its executives to report securities held and any changes in holdings of securities to the SEC in accordance with Section 59 of the Securities and Exchange Act, B.E. 2535. No company employee is permitted to use any document or data for personal gain or bring out of the office without company permission. Including a monthly balance sheet for stock trading purposes before it has been published to the public. Any employee found guilty will be dealt with in accordance with company rules and regulations and will be punished from admonishment or wages cutting or suspending from duties without pay or dismissal from employment depend on the seriousness of guilty.

Internal Control

Comments concerning the sufficiency of the internal control system consists of 5 parts as follows: In the meeting of board of directors 5/2546 on November, 2003 there has been an appraisal of the company internal control sufficiency by answering the questionnaires as in the documents attached. All the three members of audit committee has joined in the meeting and briefed the opinion about internal control sufficiency into 5 parts as follow:

Part 1 Corporate and Its Environment The company planned its business operation targets carefully and clearly, based on a one-year short-term and a three year long-term plan. Corporate structure is organized to enable the operation to reach its target. The company has prescribed its executives and employees to be prohibited from acting any conflict of interest with the company and prescribed the punishment in this case. However, the company is currently drafting a policy and procedure for financial transaction, purchase and management that will be fair to business partners and long-term benefit of the company.

Part 2 Risk Management The company estimates its business risk through consideration of internal and external factors, by a working group comprising the Assistant Managing Director and heads of related divisions. The working group will analyze all the factors and risk origins, before establishing a measure of risk management, and follow up with a management risk plan.

Part 3 Controlling Executive Performance The company has decisively separated responsibilities regarding giving permission, recording of accounts and information technology, and property protection. Permission for any transactions must be approved and authorized by two out of three authorized directors.

Company permission for any transaction by main shareholders, directors, executives, or related persons, is considered only for the highest benefit of the company and as an item involving a third party.

Part 4 Information and Communications System The company provides sufficient information for directors' decisions. However, where the company cannot supply advanced financial information 7 working days before a directors' meeting, it will supply the information on the day before the meeting, or on the same day as the meeting.

The accounting record supplements and accounting documents have been collected in category and established in accordance with the accounting policy generally accepted auditing standard and suitable for the business profile.

Part 5 Pursuit System The company pursues the results of its operation by comparing them with each quarterly target. Inspection of its operation is always implemented in accordance with the internal control system. Internal inspectors are required to report results from the inspection to the Audit Committee. If an important defect is discovered, it must be reported to the Audit Committee immediately and steps taken to rectify it as quickly as possible.

Besides the audit committee has given an opinion about the appraisal of accounting internal control efficiency that can not find any substantial weak point in the accounting internal control system.

Related party transactions

Related party transaction between the company and probable conflicted persons appeared in the notes to financial statements item 4 : Inter-company transactions.

Need and reasonable of related party transactions. Transactions between the company, associated companies and related parties shall be approved by the Board Committee, comprising independent directors for fair transactions and appropriate costs compared to outside persons transactions and no interests transfer between the company ,subsidiaries, associated companies and related parties.

Transactions between related parties Transactions between the company, management or shareholders, or related parties are considered by the volume of transactions (according to the regulations defined by the Stock Exchange of Thailand).

The company has designated executives who are Members of the Board, comprising Mr Thanong Chotisorayuth, Mr. Viboolsak Udomvanich and Mr. Pongsak Sivapatrakumpol to approve transactions, by which agreements have to be signed and concurred by two out of three executives.

Related transactions with executives or shareholders that meet the regulations determined by the SET have to follow those regulations.

Connected transactions with common interest persons need to be concurred by an external committee or independent experts.

Policy and trend of future transactions The company may have transactions with major shareholders and executives in future which are in the forms of leasing, service providing, and copyright contracts for the mutual benefit of the company by disclosure the types and amount of related transactions between the company and probable conflicted persons accordance with the promulgations and regulations of SEC and SET.



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ACCOUNTANTS and MANAGEMENT CONSULTANTS CO., LTD.



Report on Internal Control System in Accounting

No. GL038/2547

February 20, 2004

To The Board of Directors

SE-EDUCATION Public Co., Ltd.

46/87-90 Moo 10 Nation Tower Building 19th Floor

Bangna-Trad Rd., Bangna, Bangkok 10260

Subject: Report on the internal control system in accounting

I was assigned to audit the balance sheet of SE-EDUCATION Public company Limited as at December 31, 2003, in accordance with generally accepted auditing standards, to express our opinion on these financial statements and operations based on our audit. The audit includes studying and assessing the capability of the internal control system for accounting in order to ascertain the scope of audit compactly and suitably.

We would like to inform you that we did not audit every item, but audited by examining selected items to test for authenticity. Except as discussed in the last sentence of the first paragraph, we, therefore, cannot point out any weak-point in this internal control system. However, we did not find any weak-point in the substance of this internal control system for accounting that would affect the balance sheet.

We would like to extend our thanks to executives and all staff of SE-EDUCATION Plc. for their cooperation and good support to our officers.

Best regards,

(Miss Susan Eiamvanicha)

Certified Public Accountant (Thailand)

A member of
Moore Rowland International
an association of independent
accounting firms throughout
the world

ชั้นที่ 19 ยูนิต 4 อาคารสีลมคอมเพล็กซ์ 191 ถนนสีลม แขวงสีลม เขตบางรัก กรุงเทพฯ 10500
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Elaboration & Analysis of Financial Status and Results of Operations

Profitability and Operating Efficiency

Year	2003	2002	2001
Total Income (THB million)	2,429.96	2,003.20	1,652.69
Growth	+21.30	+21.21	+40.8%

Over the past 3 years the company has achieved a satisfactory level of steady revenue growth from book selling as well as sales of magazine advertising. Such growth stems primarily from the significant expansion of the company's retail outlets through 142 branches of SBC, are still in operation with 138 branches the company's own bookshops, and 5 branches of SBC Network Bookshop, which commenced operations in 2001. Another contributing factor is its increased production capacity of new titles, particularly in the computer book and general book categories. The company has endeavored to improve the control of its operating costs, minimize bad debts from sales, and to produce and distribute only products which meet the market demand.

Such growth confirms the increased public awareness for information and of the need to keep abreast of economic and technological developments despite the economic downturn.

Operating Results The company's total revenue as of December 31, 2003 is as follows:

1. Company's total revenue amounted to THB 2,429.96 million, an increase of 21.30%, or THB 426.72 million. The major part of revenue came from the sales of books. This accounted for THB 2,376.74 million, an increase of THB 401.44 million or 20.32%. This income derived from the opening of new bookstores by the name of "SE-ED Book Center" and "Book Variety", from the total additional stores of 23 stores.(compared between end of December 2003 and 2002). In addition, SE-ED also opened up new sales channels such as another 10 small areas of bookstores located in Lotus, Big C, and Tesco Lotus Express, which caused the increasing of sales in the same period of last year. In the meantime revenue from wholesales to other bookstores and education establishments increased about 25.86 %
2. The company's net profit for the year was THB 156.65 million, representing 6.45 % of total revenue and THB 0.73 EPS. (For 2002 the company's net profit was THB 102.26 million, representing 5.1% of total revenue and THB 0.48 EPS calculating from ordinary share at par 1 Baht to compare with present status). The increase in profit resulted from
 - a. The better gross margin due to increasing sales of distributing goods compare to the same period last year.
 - b. The better volume discount from books supplier.
 - c. The company earns 52.82 million Baht from other revenue an increasing of THB 26.91 million from last year. The main driver is the profit from selling of non operating asset in the amount of THB 19.53 million.

The selling and administrative expenses increased 22.12% over the same period last year that increased more than the increase of sales revenue in this period due to the much expansion of se-ed book center branches and the modernize improvement decoration of some existing book stores. Besides the company has expanded some sections of work and invest more in the distribution center at King Kaew Road, and acknowledged the depreciation of computer software and hardware for new system set up expense. This led to the increasing figure of sales and administrative expense to revenue ratio.

Financial status analysis for year 2003 compare to 2002

Financial status As of December 31, 2003 the company's total assets were THB 1,105.18 million an increase of THB 64.11 million or up 16.16% from year 2002. The company's assets consist of:

● Cash and Bank deposit	THB 146.37 million
● Property, plant and equipment	THB 221.89 million
● Leaseholds	THB 118.83 million
● Company securities-for-sale	THB 257.05 million
● Inventory	THB 137.21 million

Total assets increased or decreased due mainly to:

- Cash and bank deposit increased THB 67.49 million. Most of them were the saving deposit account received from retail business in term of cash received from bookstores branches and cash received from the existing shareholders to exercise their warrants as at December 15, 2003 in the amount of THB 68.0 million. The company also received cash from selling out 5 items of fixed assets in the amount of THB 52.04 million. Then paid 4 times of dividend in the amount of THB 160.38 million and paid mid year corporate tax of THB 18.69 million.
- Net value of Property, plant and equipment increased at THB 14.22 million, which arose from
 - Company invested THB 14.55 million in a computer software system to facilitate and manage the company's information system more effectively.
 - Distribution warehouse equipment rose THB 25.15 million. Most of them were bookshelves and forklift used in the process of expanding its distribution warehouse.
 - Redecorating of old branches such as Central Bangna, Central Pinklao and decoration for new 23 branches of bookstores cost THB 25.78 million.
 - Reclassified non-operating fixed assets of THB 17 million to be in the category of assets pending for sales.
- Trading debt and Receivable Note increased by THB 13.46 million due to the increasing sales to education institutes.
- Securities available for sale decreased from THB 305.93 million to THB 257.05 million, down THB 48.88 million due to selling out for cash to pay dividend and tax.
- Increased in company's inventory from THB 105.59 million to THB 137.21 million which is an increase of THB 31.62 million. This is the result of buying more non-returnable books into stocks.

Total liabilities The company has total liabilities of THB 539.13 million, an increase of THB 21.69 million from year 2002. Increases in liabilities resulted from trading debts and note payable at THB 5.91 million. This was mainly the payment to trade creditors with high sales volume in the fourth quarter of 2003 and including the increasing allowance for accrued corporate income tax payment.

Shareholders' equity As at December 31, 2003 the shareholders' equity was THB 566.04 million, an increase of THB 42.43 million from the year 2002 counted to up 8.41% due to the increasing of THB 41.21 million from existing shareholders exercising their warrants and the increasing of THB 26.79 million for the premium in this case, while the exercising from ESOP warrant was THB 2.87 million, the decrease of the surplus on fixed assets revaluation due to sold out was THB 18.82 million, the company's net profit in 2003 was total THB 156.65 million, while THB 160.389 million is total dividends paid in 2003.

Cash flow and sufficiency of capital structure statement

Unit : Million Bath

	2003	2002	2001
Operating activities	165.19	285.76	194.69
Investment activities	(10.28)	(185.69)	(94.21)
Finance activities	(87.34)	(105.68)	(57.56)
Net cash used	67.57	(5.61)	42.92

In 2003, the company's net cash flow increased THB 67.57 million. The company declared an increase in cash in-flow resulting from operations which was equal to THB 165.19 million as the sales from bookstores increased in cash while getting a long term credit from the supplier. Cash out-flow used in the investment activities amounted to THB 10.28 million, which comprised investment in Ploen Patt Company Limited at THB 23 million counted to 28.75% of its registered and paid - up capital. The cash flow used in the process of capital acquisition activities at THB 87.34 million came from dividend payment from net profit in 2003 THB 160.38 million and cash received from exercising warrants from existing shareholders and from ESOP project counted to THB 70.87 million.

FINANCIAL STATEMENT
SE-EDUCATION
PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED 2003



บริษัท สำนักงาน เอ เอ็ม ซี จำกัด

ACCOUNTANTS and MANAGEMENT CONSULTANTS CO., LTD.



REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED.

I have audited the balance sheet of SE-EDUCATION PUBLIC COMPANY LIMITED as of December 31, 2003 and 2002, the related statements of income, changes in shareholders' equity and cash flow for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness in the presentation. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position SE-EDUCATION PUBLIC COMPANY LIMITED as of December 31, 2003 and 2002, the results of its operations, and cash flows for the years then ended, in conformity with generally accepted accounting principles.

SAM NAK- NGAN A.M.C. CO.,LTD.

(Miss Susan Eiamvanicha)

Authorised Auditor No.4306

Bangkok,

February 20, 2004

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2003 and 2002

		(Unit : Baht)	
		2003	2002
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalent		146,374,973.49	78,885,911.71
Short-term investment-net (net from allowance for diminution of value in 2003 and 2002 in amount of Baht 1,078 thousand and Baht 1,437 thousand respectively)	(Note 5)	257,049,991.46	305,927,592.82
Trade accounts and notes receivable-net	(Note 6)	79,114,313.57	65,656,258.07
Inventories-net	(Note 7)	137,212,204.52	105,586,543.56
Other current assets		22,910,330.73	20,363,499.89
TOTAL CURRENT ASSETS		642,661,813.77	576,419,806.05
NON-CURRENT ASSETS			
Investments in subsidiary and associated companies	(Note 8)	33,961,542.18	11,158,480.26
Property, plant and equipment-net	(Note 9)	221,893,794.70	207,674,821.02
Leasehold-buildings-net	(Note 10)	118,834,735.16	127,330,192.28
Assets pending for sales-net	(Note 11)	21,000,000.00	50,700,000.00
Land and building not used for operation-net	(Note 12)	32,499,307.10	40,027,312.95
Guarantee for rental and deposit		34,323,906.14	27,750,094.00
TOTAL NON-CURRENT ASSETS		462,513,285.28	464,640,900.51
TOTAL ASSETS		1,105,175,099.05	1,041,060,706.56

Notes to financial statements are an integral part of the above statements.

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2003 and 2002

	(Unit : Baht)	
	2003	2002
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Bank overdrafts	20,820,525.03	18,650,887.03
Trade accounts and notes payable	417,170,385.47	411,264,723.15
Accrued expenses	24,957,655.68	30,151,976.94
Accrued corporate income tax	36,177,800.75	21,246,936.52
Other current liabilities	37,846,261.72	32,431,983.45
TOTAL CURRENT LIABILITIES	536,972,628.65	513,746,507.09
NON-CURRENT LIABILITIES		
Other-non current liabilities	2,158,538.94	3,699,183.69
TOTAL NON-CURRENT LIABILITIES	2,158,538.94	3,699,183.69
TOTAL LIABILITIES	539,131,167.59	517,445,690.78

Notes to financial statements are an integral part of the above statements.

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2003 and 2002

	(Unit : Baht)	
	2003	2002
SHAREHOLDERS' EQUITY		
Share capital	(Note 13)	
Authorized share capital		
348,128,690 ordinary shares @ Baht 1.00	348,128,690.00	
34,812,869 ordinary shares @ Baht 10.00		348,128,690.00
Issued and paid-up share capital		
255,071,000 ordinary shares @ Baht 1.00	255,071,000.00	-
21,098,713 ordinary shares @ Baht 10.00	-	210,987,130.00
Premiums on share capital	107,829,742.25	81,042,800.25
Capital surplus from assets revaluation	21,954,446.25	46,310,786.86
Unrealized gain - securities available for sale	1,077,936.95	1,437,657.49
Retained earnings		
Appropriated		
Legal reserve	(Note 15)	
	25,131,822.09	15,124,675.01
Unappropriated	154,978,983.92	168,711,966.17
TOTAL SHAREHOLDERS' EQUITY	566,043,931.46	523,615,015.78
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,105,175,099.05	1,041,060,706.56

Notes to financial statements are an integral part of the above statements.

SE-EDUCATION PUBLIC COMPANY LIMITED

INCOME STATEMENTS

For the Years ended on December 31, 2003 and 2002

	(Unit : Baht)	
	2003	2002
REVENUES FROM OPERATION		
Sales	2,376,739,618.73	1,975,299,971.75
Other income	52,817,922.55	25,908,945.28
Participating gain in the associated company	403,061.92	2,030,139.53
TOTAL REVENUES	2,429,960,603.20	2,003,239,056.56
EXPENSES FROM OPERATION		
Cost of sales	1,624,057,073.76	1,378,885,102.54
Selling and administrative expenses	590,013,785.38	483,135,592.69
Directors' remuneration (Note 16)	1,664,000.00	1,618,000.00
TOTAL EXPENSES	2,215,734,859.14	1,863,638,695.23
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX	214,225,744.06	139,600,361.33
INTEREST EXPENSES	(205,315.88)	(235,885.00)
CORPORATE INCOME TAX (Note 17)	(57,366,559.26)	(37,109,374.99)
NET PROFIT	156,653,868.92	102,255,101.34
BASIC EARNINGS PER SHARE (Note 18)	0.73	0.48
DILUTED EARNINGS PER SHARE (Note 18)	0.54	0.33

Notes to financial statements are an integral part of the above statements.

SE-EDUCATION PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years ended on December 31, 2003 and 2002

(Unit : Baht)

	Issued and paid-up share capital	Premiums on share capital	Capital surplus from assets revaluation	Unrealized gain(loss) securities available for sale	Retained earnings		Total
					Appropriated	Unappropriated	
Balance as of January 1, 2002	210,987,130.00	81,042,800.25	35,050,567.01	(5,920,579.77)	8,938,173.43	178,136,931.41	508,235,022.33
Unrealized gain-securities available for sale	-	-	-	7,358,237.26	-	-	7,358,237.26
Capital surplus from assets revaluation increase in this period	-	-	10,538,272.21	-	-	-	10,538,272.21
Capital surplus from assets revaluation- sale in this period	-	-	(720,000.00)	-	-	-	(720,000.00)
Depreciation-Capital surplus from assets revaluation	-	-	1,441,947.64	-	-	-	1,441,947.64
Unrealized transaction in the income statements	210,987,130.00	81,042,800.25	46,310,786.86	1,437,657.49	8,938,173.43	178,136,931.41	526,853,479.44
Appropriation for legal reserve in the period	-	-	-	-	6,186,501.58	(6,186,501.58)	-
Dividend payment	-	-	-	-	-	(105,493,565.00)	(105,493,565.00)
Net profit for the year	-	-	-	-	-	102,255,101.34	102,255,101.34
Balance as of December 31, 2002	210,987,130.00	81,042,800.25	46,310,786.86	1,437,657.49	15,124,675.01	168,711,966.17	523,615,015.78
Unrealized gain-securities available for sale	-	-	-	(359,720.54)	-	-	(359,720.54)
Premiums on share capital from warrant exercising	-	26,786,942.00	-	-	-	-	26,786,942.00
Capital surplus from assets revaluation- sale in this period	-	-	(21,585,905.36)	-	-	-	(21,585,905.36)
Depreciation-Capital surplus from assets revaluation	-	-	(2,770,435.25)	-	-	-	(2,770,435.25)
Unrealized transaction in the income statements	210,987,130.00	107,829,742.25	21,954,446.25	1,077,936.95	15,124,675.01	168,711,966.17	525,685,896.63
Warrant exercising from directors, and employees (Note 14)	2,873,190.00	-	-	-	-	-	2,873,190.00
Warrant exercising from shareholder (Note 14)	41,210,680.00	-	-	-	-	-	41,210,680.00
Appropriation for legal reserve in the period (Note 15)	-	-	-	-	10,007,147.08	(10,007,147.08)	-
Dividend payment (Note 15)	-	-	-	-	-	(160,379,704.09)	(160,379,704.09)
Net profit for the year	-	-	-	-	-	156,653,868.92	156,653,868.92
Balance as of December 31, 2003	255,071,000.00	107,829,742.25	21,954,446.25	1,077,936.95	25,131,822.09	154,978,983.92	566,043,931.46

Notes to financial statements are an integral part of the above statements.

SE-EDUCATION PUBLIC COMPANY LIMITED

CASH FLOW STATEMENTS

For the Years ended on December 31, 2003 and 2002

(Unit : Baht)

	2003	2002
CASH FLOW FROM OPERATION ACTIVITIES		
Net profit	156,653,868.92	102,255,101.34
Adjustment to net profit for cash receipts (payments) from operation		
Depreciation - assets for operation	53,578,609.28	42,268,814.33
Depreciation - assets not used for operation and pending for sales	130,231.09	361,600.43
Loss from impairment in assets pending for sales and not use for operation	-	2,576,262.72
Leasehold written-off	8,495,457.12	8,495,457.12
Loss from for lost and slow moving goods	26,472,612.72	20,679,079.87
Loss from destruction goods	-	8,938,240.39
Allowance for returned goods (reversed account)	176,037.32	(332,989.73)
Doubtful debts and bad debt	1,437,859.06	(2,991,413.78)
Realized loss on disposal of securities available for sales	952,140.12	1,745,343.13
Adjustment for clearing of trade accounts payable	(9,182,644.67)	0.00
Participating gain from associated company	(403,061.92)	(2,030,139.53)
Gain on disposal of land building and equipment	(8,623.87)	(222,712.25)
Gain on disposal of land building and equipment not used for operation	(639,545.24)	0.00
Gain on disposal of assets pending for sales	(18,882,573.98)	(683,330.73)
Profit from operating before change in operation assets and liabilities	218,780,365.95	181,059,313.31
(Increase)Decrease in trade accounts and notes receivable	(15,071,951.88)	9,034,600.09
(Increase)Decrease in inventories	(58,098,273.68)	(13,888,803.05)
(Increase)Decrease in other current assets	(2,546,830.84)	(2,686,944.14)
(Increase)Decrease in guarantee for rental and deposit	(6,573,812.14)	(8,042,889.83)
Increase(Decrease) in trade accounts and notes payable	15,088,306.99	119,306,425.72
Increase(Decrease) in accrued expenses	(5,194,321.26)	6,947,089.21
Increase(Decrease) in accrued corporate income tax	14,930,864.23	(12,787,631.29)
Increase(Decrease) in other current liabilities	5,414,278.27	7,240,259.45
Increase(Decrease) in non-other current liabilities	(1,540,644.75)	(418,124.50)
Net cash received (used) from operating activities	165,187,980.89	285,763,294.97

Notes to financial statements are an integral part of the above statements.



SE-EDUCATION PUBLIC COMPANY LIMITED

CASH FLOW STATEMENTS

For the Years ended on December 31, 2003 and 2002

(Unit : Baht)

	2003	2002
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of securities available for sale	(185,179,797.49)	(225,000,000.00)
Cash receipt from disposal of securities available for sales	232,745,538.19	116,987,309.18
(Increase) Decrease in investment in subsidiary and associated companies	(23,000,000.00)	(74,947.50)
Purchase of assets	(87,599,237.47)	(81,830,751.19)
Cash Receipt from disposal of assets	52,151,831.75	3,628,639.25
Dividend receipt	600,000.00	600,000.00
Net cash received (used) from investing activities	(10,281,665.02)	(185,689,750.26)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase(Decrease) in bank overdrafts	2,169,638.00	(193,852.42)
Directors, employees and shareholders exercise the warrants to additionally purchase shares	70,870,812.00	0.00
Dividend payment	(160,379,704.09)	(105,493,565.00)
Net cash received (used) from financing activities	(87,339,254.09)	(105,687,417.42)
Cash and cash equivalent items increase(decrease)	67,567,061.78	(5,613,872.71)
Cash and cash equivalent items at the beginning of the period	78,885,911.71	84,499,784.42
Cash and cash equivalent items at the end of the period	146,452,973.49	78,885,911.71

Supplemental disclosures to the cash flow statements

1. Cash paid during the period:

Interest paid	205,315.00	235,885.00
Corporate income tax	42,435,695.03	49,897,006.28

2. Items not affecting cash flow

2.1 As of December 31, 2003 and 2002 , the Company adjusted unrealizable gain on revaluation of securities available for sale with the shareholders' equity amounting Baht 0.36 million and Baht 7.36 million respectively.

2.2 For the year ended on December 31, 2002 the Company appraised land and Building amounting Baht 36.93 million.

2.3 As of December 31, 2002 the Company reclassified amounting Baht 12.32 million of land and building not used for operation to assets pending for sale.

Notes to financial statements are an integral part of the above statements.

SE-EDUCATION PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

1. General information

The Company was registered for establishment as a limited company on July 29, 1974 and was converted to a public company limited on April 29, 1993, registration number Bor Mor Jor 102. The Company is situated at 46/87-90 Nation Tower Building 19th Floor, Bangna-Trad Road, Bangna, Bangkok 10260.

- Major areas of business:

1. Sell books and magazines on a retail basis through their own SE-ED book centers and book variety.
2. Publish and distribute their own technical books and magazines, as well as distribute books from other publishers and organizations to nationwide bookshops.
3. Advertising service and services in 10 monthly magazines published by SE-ED.
4. Publishing engagement and sell electronic parts and equipment.

- Employee Information

	For the Years	
	ended on December 31,	
	<u>2003</u>	<u>2002</u>
Average number of employees (person)	1,654	1,197
Employee expenses (Million Baht)	236.86	174.39

2. Basis of financial statement preparation

- 2.1 The financial statements were prepared in accordance with the generally accepted accounting principle under the Accounting Act B.E. 2543 which implies the accounting standard determined by the Institute of Certified Accountants and Auditors of Thailand over which the Board of Supervision of Auditing Practices appointed by Minister of Ministry of Commerce under the Accounting Act. B.E. 2505 which resolved the announcement and in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.



- 2.2 Preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosure. The actual results may differ from those estimates.
- 2.3 The Company did not prepare the consolidated financial statements between the Company and the SE-ED Book Center Co.,Ltd., which is a subsidiary company since the investment value in such subsidiary is not material to the Company financial statements.
- 2.4 The Company prepares the financial statements in the Thai language in accordance with Thai Law which were translated into English language for the convenience of the readers.

3. Summary of significant accounting policies

The main accounting policies can be summarized as follows:

- 3.1 - Sales are recognized when goods have already been delivered to customers except goods on consignment whose sales are recognized when such goods are checked at the consignees place at the end of agreed period.
- Revenue from advertising are recognized once the advertisement is released.
- 3.2 Cash and equivalent to cash transactions includes bank deposit in type of saving, current and not exceeding three-month fixed deposit with no guarantee obligation.
- 3.3 The short term investments in mutual fund units are regarded as securities available for sales and valued at fair value. The Company recognizes the change of value as separate caption in the shareholders' equity and accounted in the statement of income when such investment is sold.
- 3.4 Allowance for doubtful debts is made by estimating the uncollectible accounts receivable.
- 3.5 The Company constitutes allowance of returned goods at the rate of 20% of absolute accounts receivable which the Company will consider to adjust such allowance when the receipt of returned goods actually takes place.

3.6 Inventories

- Paper, raw materials, are valued at cost price under FIFO method or net realizable value, whichever is lower, work in process are valued at actual cost.
- Finished goods produced by the Company holds accounting policies as follows:
 - Finished goods at head office and consignment on hand are valued at cost price under the last produce and received or net realizable value, whichever is lower.
 - Finished goods purchased for sale are valued at cost price under simple average method or net realizable value, whichever is lower.

- Returned periodicals are not valued.
- Allowance for diminution in value of inventories is based on obsolete, out of date, dilapidated.
- Allowance for lost inventories, the Company holds the policy of allowance for lost inventories at the rate of 1 percent of sales at respective branch which the Company revises such allowance after the inventory taking in the respective branch.

3.7 Property plant and equipment

3.7.1 Decoration, office equipment, air-conditions and vehicles are recorded at cost less accumulated depreciation.

3.7.2 Land and building are valued at fair value which are appraised by an independent appraiser. The Company holds policy that an independent professional appraiser appraises the value of assets every 5 years. During this period if there are any other factors which materially affect the value of assets, the Company will arrange for new appraisal by an independent professional appraiser in that year. Any increase of new appraised price is regarded as surplus from assets appraisal in the caption of shareholders' equity and any decrease of new appraised price is regarded as loss from decrease in assets value in the income statement.

3.7.3 The depreciation are calculated on a straight-line method over the estimated useful life as follows:

- Building	20 years
- Furniture and office equipment	5 years
- Air-conditions	5 years
- Vehicles	5 years

The Company records depreciation as expense in the period. The Company takes depreciation of increase in appraised price out of the surplus from assets appraisal in the caption of shareholders' equity.

3.8 Accrued foreign copyright expenses are calculated by the rate specified in the agreement on an accrual basis.

3.9 Investments in associated company are recorded by equity method and investment in the subsidiary company is recorded by cost method since the investment value in subsidiary company is not material to the Company financial statements.

3.10 Items denominated in foreign currencies are recorded in Baht at the exchange rate ruling on the day that transaction occurs, while the remaining balances of assets and liabilities denominated in foreign currencies at the year-end are converted into Baht at the prevailing exchange rate on that date, and the gain or loss arising from such conversion is included in the related income statement.

3.11 Earnings per share

- Basic earnings per share is calculated by dividing net profit with the weighted average number of issued and paid-up shares during the period.
- Diluted earnings per share is calculated by dividing net profit with the sum of weighted average number of issued and paid up shares and the weighted average number of diluted common share equivalents that needed to cover the warrants converted to common stock.

3.12 Financial assets and liabilities as presented in balance sheets are consisted of cash and cash at bank, short-term investment, trade accounts receivable and notes receivable, overdrafts and trade accounts payable and notes payable. The particular accounting policy for each transaction is respectively disclosed in each related caption.

4. Inter - company transactions

The Company constitutes accounting transactions incurred with related entities, comprising the same group of shareholders or common directors. The materially remaining balance and inter-transactions between the company and related entities are as follows:

4.1 Inter-asset and liabilities

(Unit : '000 Baht)

		As of December 31,	
		<u>2003</u>	<u>2002</u>
<u>Trade accounts payable</u>			
M AND E Co.,Ltd.	Associated company	-	1,610
Nation Multi Media Group Public Co.,Ltd.	Shareholder	11,545	8,375
Nation Egmont Edutainment Co.,Ltd.	Related company with shareholder	4,629	4,479

4.2 Inter-revenues and expenses

(Unit : '000 Baht)

		For the year		
	Type of relation	ended on December 31		Policy of Inter-price setting
		2003	2002	
<u>Purchase goods values</u>				
M AND E Co.,Ltd.	Associated company	3,524	3,062	Market price
Nation Multi Media Group Public Co.,Ltd.	Shareholder	49,882	20,281	Market price
Nation Egmont Edutainment Co.,Ltd.	Related company with shareholder	11,524	14,070	Market price
<u>Rental and service charge</u>				
Nation Multi Media Group Public Co.,Ltd.	Shareholder	14,410	9,498	Agreed upon price
Nation Property Co.,Ltd.	Related company with shareholder	-	821	Agreed upon price

5. Short - term investment-net

Consisted of:-

	(Unit : Baht)	
	<u>As of December 31,</u>	
	<u>2003</u>	<u>2002</u>
Securities available for sales :-		
- Investment in open-ended mutual funds (Fair value)	221,049,991.46	299,927,592.82
- Investments in the preferred share mutual fund - subordinated debenture	6,000,000.00	6,000,000.00
- Investment in mutual fund-debenture	30,000,000.00	-
Total	257,049,991.46	305,927,592.82

6. Trade accounts and notes receivable – net

Consisted of :-

	(Unit : Baht)	
	<u>As of December 31,</u>	
	<u>2003</u>	<u>2002</u>
Trade accounts receivable		
In credit term	57,632,531.30	48,563,237.43
Over credit term less than 6 months	24,293,799.54	21,300,939.16
Over credit term more than 6 months to 12 months	1,425,454.48	368,840.53
Over credit term more than 12 months	20,253,535.50	15,251,986.58
Total	103,605,320.82	85,485,003.70
Notes receivable	3,644,717.40	8,133,247.89
<u>Less</u> Allowance for doubtful debts	(24,322,569.81)	(24,324,876.00)
Allowance for returned goods	(3,813,154.84)	(3,637,117.52)
Net	79,114,313.57	65,656,258.07

7. Inventories-net

Consisted of:-

		(Unit : Baht)	
		<u>As of December 31,</u>	
		<u>2003</u>	<u>2002</u>
Paper		1,364,167.63	850,523.98
Work-in-process		4,404,516.36	5,198,493.23
Finished goods		128,520,684.11	64,410,589.60
Finished goods at branches		49,616,734.11	77,530,585.77
Total		183,906,102.21	147,990,192.58
<u>Less</u> Allowance for lost goods		(16,062,424.86)	(18,368,485.23)
Allowance for dilapidated and slow moving goods		(30,631,472.83)	(24,035,163.79)
Net		137,212,204.52	105,586,543.56

8. Investments in subsidiary and associated companies

Consisted of :-

		<u>Nature of business</u>	<u>Paid-up</u>	<u>Percentage</u>	As of December 31, 2003		
			<u>share capital</u>	<u>of share</u>	<u>Cost</u>	<u>Investments</u>	<u>Dividend</u>
			<u>Baht</u>	<u>holdings</u>	<u>Baht</u>	<u>Method</u>	<u>Baht</u>
Subsidiary company							
SE-ED Book Center Co.,Ltd.	Business consulting firm		100,000.00	99.93%	99,930.00	Cost	99,930.00
Associated company							
M AND E Co., Ltd.	Printing office company, produces technical magazines and engineering manuals		400,000.00	25%	100,000.00	Equity	12,677,777.43
Ploen Patt Co., Ltd.	Institute of private education - Ploen Pattana School		80,000,000.00	28.75%	23,000,000.00	Equity	21,183,834.75
					23,199,930.00		33,961,542.18
							600,000.00

	<u>Nature of business</u>	<u>Paid-up</u> <u>share capital</u>	<u>Percentage</u> <u>of share</u> <u>holdings</u>	<u>Cost</u> <u>Baht</u>	<u>As of December 31, 2002</u> <u>Investments</u>		<u>Dividend</u> <u>Baht</u>
		<u>Baht</u>		<u>Baht</u>	<u>Method</u>	<u>Baht</u>	<u>Baht</u>
Subsidiary company							
SE-ED Book Center Co.,Ltd.	Business consulting firm	100,000.00	99.93%	99,930.00	Cost	99,930.00	-
Associated company							
M AND E Co., Ltd.	Printing office company, produces technical magazines and engineering manuals	400,000.00	25%	100,000.00	Equity	11,058,550.26	600,000.00
				<u>199,930.00</u>		<u>11,158,480.26</u>	<u>600,000.00</u>

Investments in the SE-ED Book Center Co., Ltd., which is subsidiary company. The Company recorded investment by cost method since the investment value in subsidiary company is not material to the Company's financial statements.

For the year ended on December 31, 2003 and 2002, the Company did not recognize participating from operations in M AND E CO., LTD., since the associated company did not prepare the quarterly financial statements and year end closing. However, the Company received the financial statements for the year ended on December 31, 2002 of M AND E CO., LTD., which were audited by another auditor. The Company, consequently recorded participating from operations in such associated company in the income statement for the year ended on December 31, 2003 for the amount of Baht 2.20 million was equivalent to 1.39 % of net profit and as of December 31, 2003 and 2002, investment in associated company for the amount of Baht 12.68 million and Baht 11.06 million was equivalent to 1.15 % and 1.06 % over the Company's total assets respectively.

The financial statements for the period since May 1, 2003 to December 31, 2003 of Ploen Patt Co.,Ltd., which is associated company, accounted for investment by equity method have not yet been audited by another auditor. Investment in such associated company as of December 31,2003, were reflected by Baht 21.14 million was equivalent to 1.91 % over the Company's total assets and participation from operation in associated company for the amount of Baht 1.82 million was equivalent to 1.15 % of net profit.

9. Property, plant and equipment-net

Consisted of :-

(Unit : Baht)

Descriptions	Land	Building	Building decoration	Office equipments and air conditioners	Vehicles	Work in progress	Total
Cost:							
As of December 31, 2002	9,813,213.00	6,873,016.97	169,077,827.05	177,843,503.47	21,444,271.30	8,670,424.70	393,722,256.49
Purchase	-	-	30,272,140.09	68,425,487.00	2,309,599.19	31,747,101.18	132,754,327.46
Sale/transfer	(5,099,088.00)	(4,519,316.97)	(11,964,893.39)	(22,150,629.37)	(428,378.88)	(38,445,468.45)	(82,607,775.06)
As of December 31, 2003	4,714,125.00	2,353,700.00	187,385,073.75	224,118,361.10	23,325,491.61	1,972,057.43	443,868,808.89
Accumulated depreciation:							
As of December 31, 2002	-	(5,498,997.87)	(106,518,114.34)	(98,635,810.17)	(10,933,686.95)	-	(221,586,609.33)
Depreciation for year	-	(166,242.83)	(21,790,859.98)	(28,017,069.18)	(3,604,437.29)	-	(53,578,609.28)
Sale/transfer	-	3,428,685.95	11,940,133.51	15,438,567.92	428,370.88	-	31,235,758.26
As of December 31, 2003	-	(2,236,554.75)	(116,368,840.81)	(111,214,311.43)	(14,109,753.36)	-	(243,929,460.35)
Capital surplus from assets revaluation:							
As of December 31, 2002	23,669,968.00	12,306,235.85	-	-	-	-	35,976,203.85
Decrease in capital surplus from asset revaluation	(6,325,743.00)	(4,914,143.53)	-	-	-	-	(11,239,886.53)
As of December 31, 2003	17,344,225.00	7,392,092.32	-	-	-	-	24,736,317.32
Accumulated depreciation-surplus							
As of December 31, 2002	-	(437,029.99)	-	-	-	-	(437,029.99)
Depreciation for the year	-	(2,770,435.34)	-	-	-	-	(2,770,435.34)
Decrease in capital surplus from asset revaluation	-	425,594.17	-	-	-	-	425,594.17
As of December 31, 2003	-	(2,781,871.16)	-	-	-	-	(2,781,871.16)
Net Book Value:							
As of December 31, 2002	33,483,181.00	13,243,224.96	62,559,712.71	79,207,693.30	10,510,584.35	8,670,424.70	207,674,821.02
As of December 31, 2003	22,058,350.00	4,727,366.41	71,016,232.94	112,904,049.67	9,215,738.25	1,972,057.43	221,893,794.70
Depreciation in the income statement for the year ended on							
December 31, 2002							42,268,814.33
December 31, 2003							53,578,609.28

On November 14, 2002, the Company assigned an independent professional appraiser to appraise every land and building prices. Its value are as follows:

	Book value	Appraised price (Market price method)	Appraise price higher (lower) than book value
Land	33,515,400.00	33,483,181.00	(32,219.00)
Building	9,713,998.80	13,716,819.00	4,002,820.20
Total	43,229,398.80	47,200,000.00	3,970,601.20

The Company accounted capital surplus from land and building price appraisal in the shareholders' equity in the balance sheet in amount of Baht 4.00 million.

Land and construction in book value as of December 31, 2003, in amount of Baht 26.79 million were pledged as collateral against bank overdrafts and long-term loans due to commercial banks. As of February 18, 2004, the Company has redeemed a pledge.

In 2003, the Company disposed the asset pending for sale to outside party with parts of building decoration in book value of Baht 0.02 million

10. Leasehold – buildings-net

The leasehold-buildings are mainly 30 years areas leased right in leading shopping center for 9 branches of SE-ED Book Center. In 2003 and 2002, the areas leased right was amortized to expenses in amount of Baht 8.50 million equally for two years.

11. Assets pending for sales - net

Consisted of:-

	(Unit : Baht)	
	<u>2003</u>	<u>2002</u>
Cost	66,436,271.64	57,720,564.64
Sales of commercial building plus land	(37,141,817.46)	(3,600,000.00)
Transfer received from assets not used for operation	9,618,404.97	12,315,707.00
Total	38,912,859.15	66,436,271.64
Accumulated depreciation at the beginning balance	-	(816,995.19)
Depreciation for the year	-	(10,827.69)
Decrease from sales	-	827,822.88
Total	-	-
Capital surplus from assets revaluation at the beginning balance	8,384,293.00	720,000.00
Increase in the period from new appraisal	11,239,886.53	8,384,293.00
Decrease in the period from sales	(19,624,179.53)	(720,000.00)
Total	-	8,384,293.00
Allowance for impairment of assets at the beginning balance	(24,120,564.64)	(21,616,072.50)
Decrease in the period from sales	6,207,705.49	55,507.85
Decrease in the period from new appraisal	-	(2,559,999.99)
Total	(17,912,859.15)	(24,120,564.64)
Net	21,000,000.00	50,700,000.00

On November 14, 2002, the Company assigned an independent professional appraiser to appraise every land and building pending for sales. Its value are as follows:

	<u>Book value</u>	<u>Appraise price</u> (Market price method)	<u>Appraise price higher</u> (lower) than book value
Land blank	12,315,707.00	20,700,000.00	8,384,293.00
Land with building	32,559,999.99	30,000,000.00	(2,559,999.99)
Total	44,875,706.99	50,700,000.00	5,824,293.01

The Company accounted capital surplus from assets appraisal in the shareholders' equity in the balance sheet in 2002 from the assets revaluation since the appraised value was higher than its book value in amount of Baht 8.38 million. Moreover, the commercial building plus land holds its appraised value below its book value in amount of Baht 2.56 million. The Company has accounted loss from impairment in the statement of income of year 2002.

As of December 31, 2002, part of the land plus construction pending for sale were pledged as collateral against bank overdrafts and long-term loans due to commercial banks and in the second quarter for 2003, the Company fully redeemed a pledge.

In 2003, the Company sold part of assets pending for sale with a book value of Baht 27.51 million in the amount of Baht 46.39 million to the outside party. The Company has deduct capital surplus from assets revaluation in the amount of Baht 19.20 million and has accounted gain from selling of assets in amount of Baht 18.88 million.

12. Land and building not used for operation-net

Consisted of :-

	(Unit : Baht)			
	<u>Land not used</u>	<u>Land improvement</u>	<u>Building not used</u>	<u>Total</u>
	<u>for operation</u>	<u>not used for operation</u>	<u>for operation</u>	
Cost:				
As of December 31, 2002	51,925,608.93	658,413.00	6,599,142.50	59,183,164.43
Transfer to Assets pending for Sales	(2,430,000.00)	-	(6,599,142.50)	(9,029,142.50)
As of December 31, 2003	49,495,608.93	658,413.00	-	50,154,021.93
Accumulated depreciation:				
As of December 31, 2002	-	(93,259.12)	(3,560,319.31)	(3,653,578.43)
Depreciation for the year	-	(65,846.78)	(64,384.31)	(130,231.09)
Sale/transfer	-	-	3,624,703.62	3,624,703.62
As of December 31, 2003	-	(159,105.90)	-	(159,105.90)
Allowance for impairment				
As of December 31, 2002	(17,495,608.93)	-	(393,984.12)	(17,889,593.05)
Decline of assets appraised price during the period	-	-	393,984.12	393,984.12
As of December 31, 2003	(17,495,608.93)	-	-	(17,495,608.93)
Capital surplus from asset revaluation				
As of December 31, 2002	2,387,320.00	-	-	2,387,320.00
Increase in assets appraised price during the period	(2,387,320.00)	-	-	(2,387,320.00)
As of December 31, 2002	-	-	-	-
Net Book Value:				
As of December 31, 2002	36,817,320.00	565,153.88	2,644,839.07	40,027,312.95
As of December 31, 2003	32,000,000.00	499,307.10	-	32,499,307.10
Depreciation in the income statement for the year ended on				
December 31, 2002				350,772.74
December 31, 2003				130,231.09

On November 14, 2002, the Company assigned an independent professional appraiser to appraise every land and building not used for operation. Its value are as follows:

	<u>Book value</u>	<u>Appraise price</u>	<u>Appraise price higher</u> <u>(lower) than book value</u>
Land blank	32,000,000.00	32,000,000.00	-
Land which place building	2,430,000.00	4,817,320.00	2,387,320.00
Building	2,698,942.73	2,682,680.00	(16,262.73)
Total	37,128,942.73	39,500,000.00	2,371,057.27

In 2002, the Company accounted capital surplus from land price appraised where it is the location of commercial building in amount of Baht 2.39 million in the shareholders' equity and recognized loss from impairment of commercial building in Baht 0.02 million in the statement of income.

Land and building was pledged as collateral against bank overdrafts and long-term loans from commercial banks. As of February 19, 2004, the Company has redeemed a pledge.

In 2003, the Company sold part of land and building not used for operation with a book value of Baht 5.01 million in the amount of Baht 5.65 million. The Company has deduct capital surplus from assets revaluation in the amount of Baht 2.39 million and has accounted gain from selling of assets in amount of Baht 0.64 million.

13. Share capital

In accordance with the minutes of shareholders' general meeting No.1/2003 held on April 23, 2003 approved a change in the par value (Splitting par value) from former of Baht 10.00 to Baht 1.00 per share. As a result, the Company's registered capital of Baht 348.13 million is divided into 348.13 million shares of Baht 1.00 each, composed of the full amount of ordinary shares. On May 22, 2003, the Company registered the approved change of its share capital with the Ministry of Commerce.

14. Warrants

As discussed in Note No.13 to the financial statements, on April 23, 2003, the general meeting of shareholders of the Company approved the split of the Company's shares. As a result, the warrants for existing shareholders and for directors, employees and the security sub-agent were split into 105,493,430 units and 28,800,830 units respectively, and the exercised price of the warrants for existing shareholders to be changed from the former of Baht 16.50 per share to Baht 1.65 per share, and the warrants for directors, employees and the security sub-agent to be changed from the former Baht 10.00 per share to Baht 1.00 per share. The exercise ratio of the warrants is 1 warrant per 1 ordinary share.

For the year ended on December 31, 2003, directors and employees had exercised their rights to purchase ordinary shares in number of 2,873,190 units and shareholders had exercised their rights to purchase ordinary shares in number of 41,210,680 units which are warrants issued in accordance with the resolution of the shareholders meeting No.1/2001 held on April 30, 2001. Thus, the Company had increased the issued and paid up share capital and the premiums on share capital by a total of Baht 44.08 million and 26.79 million respectively. The Company registered the change in paid-up share capital on December 25, 2003 and remained the balance of warrants able to be exercised but no one yet exercises in number of 28,774,810 units for directors and employees and 64,282,750 units for shareholders.

15. Dividend payment and appropriation of legal reserve

- 15.1 In accordance with the boards of directors meeting No.4/2003 (B.E.2546) held on November 14, 2003, it was unanimously resolved to pay the interim dividend from the three-month period result of operation ended on September 30, 2003 at the rate of Baht 0.10 per share aggregating to Baht 21.39 million. The dividend was paid out on December 11, 2003, and the appropriations of earnings to the legal reserve at 5% of net profit from the result of operation in the third quarter of year 2003 aggregating to amount of Baht 1.88 million.
- 15.2 In accordance with the boards of directors meeting No.3/2003 (B.E.2546) held on August 11, 2003, it was unanimously resolved to pay the interim dividend from the three-month period result of operation ended on June 30, 2003 at the rate of Baht 0.10 per share aggregating to Baht 21.38 million. The dividend was paid out on September 5, 2003, and the appropriations of earnings to the legal reserve at 5% of net profit from the result of operation in the second quarter of year 2003 aggregating to amount of Baht 1.86 million.
- 15.3 In accordance with the boards of directors meeting No.2/2003 (B.E.2546) held on May 12, 2003, it was unanimously resolved to pay the interim dividend from the three-month period result of operation ended on March 31, 2003 at the rate of Baht 1.00 per share (rate of dividend before splitting stocks) aggregating to Baht 21.38 million. The dividend was paid out on June 9, 2003 and the appropriations of earnings to the legal reserve at 5% of net profit from the result of operation in the first quarter of year 2003 aggregating to amount of Baht 1.15 million.
- 15.4 In accordance with the minutes of shareholders' general meeting No.1/2003 (B.E. 2546) held on April 23, 2003, it was resolved to the declaration of dividend payment the result of operation for the year 2002 at the rate of Baht 4.50 per share aggregating to Baht 96.23 million. The dividend was paid out on May 16, 2003 and the appropriations of earnings to the legal reserve at the rate of 5% of net profit for year 2002 in amount of Baht 5.11 million.

16. Directors' remuneration

For the quarter and year ended on December 31, 2003 and 2002, director's remuneration is the contribution paid to Company's directors in accordance with Section 90 of the Public Companies Act., exclusive of salaries and related fringe benefits payable to executive directors.

17. Corporate income tax

For the year ended of December 31, 2003, The Company calculated income tax at 25% of net book profit before recognition of participating gain (loss) from investments in associated company plus prohibited expenses under the Revenue Code over which taxable rate is the new rate attributable to Royal Decree No. 387 2001, (B.E 2544, income tax at 30%) .

18. Basic and diluted earnings per share

For the three-month period ended on 31 December						
	<u>Net profit</u>		<u>Weighted average number of ordinary shares</u>		<u>Earnings per share</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	<u>Baht</u>	<u>Baht</u>	<u>Shares</u>	<u>Shares</u>	<u>Baht</u>	<u>Baht</u>
Basic earnings per share						
Net profit	58,766,028.62	21,741,441.98	216,992,320	210,987,130	0.27	0.10
Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised						
93,057,560 units	-	-	73,609,289	101,468,910	-	-
Diluted earnings per share						
Net profit of ordinary shareholders						
assuming the conversion into ordinary shares	58,766,028.62	21,741,441.98	290,601,609	312,456,040	0.20	0.07

For the year ended on 31 December						
	<u>Net profit</u>		<u>Weighted average number of ordinary share</u>		<u>Earnings per share</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	<u>Baht</u>	<u>Baht</u>	<u>Shares</u>	<u>Shares</u>	<u>Baht</u>	<u>Baht</u>
Basic earnings per share						
Net profit	156,653,868.92	102,255,100.34	215,680,752	210,987,130	0.73	0.48
Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised						
93,057,560 units	-	-	73,609,289	97,154,730	-	-
Diluted earnings per share						
Net profit of ordinary shareholders						
assuming the conversion into ordinary shares	156,653,868.92	102,255,100.34	289,290,041	308,141,860	0.54	0.33

For the three-month period and the year ended on December 31, 2003 and 2002, the diluted earnings per share was calculated without consideration of the effect of the unexercised warrants to purchase ordinary shares.

As discussed in Note No.13 to the financial statements, on April 23, 2003, a general meeting of the shareholders of the Company approved the split of the Company's ordinary shares. For comparative purposes, the basic earnings per share and the diluted earnings per share for the three-month period and the year ended on December 31, 2002 were recalculated assuming as if the share split had been taken place at the beginning of 2002.

19. Disclosure of sectoral business operations

The Company operates in one principal business sector, namely business of production and sale of books and confines its operation only in one geographical area i.e. in Thailand. Thus all income, profit and assets shown in the financial statements were related to the said business sector and geographical area.

20. The income statements for the three-month period ended on December 31, 2003 and 2002

The income statements for the three-month period ended on December 31, 2003 and 2002, were reviewed in accordance with the auditing standard issued by the Institute of Certified Accountants and Auditors of Thailand as follows:

		Unaudited	
		Limited Review Only	
		(Unit : '000 Baht)	
		For the three-month period ended on December 31,	
		<u>2003</u>	<u>2002</u>
REVENUES FROM OPERATION			
Sales		662,537	544,875
Other income		23,794	6,704
Total Revenues		<u>686,331</u>	<u>551,579</u>
EXPENSES FROM OPERATION			
Cost of sales		444,014	374,613
Selling and administrative expenses		159,099	145,671
Participating loss in associated company		1,816	-
Directors' remuneration	(Note 16)	168	147
Total Expenses		<u>605,097</u>	<u>520,431</u>
PROFIT BEFORE INTEREST EXPENSES AND			
CORPORATE INCOME TAX		81,234	31,148
INTEREST EXPENSES		(51)	(30)
CORPORATE INCOME TAX	(Note 17)	<u>(22,416)</u>	<u>(9,377)</u>
NET PROFIT		<u><u>58,767</u></u>	<u><u>21,741</u></u>
BASIC EARNINGS PER SHARE (BAHT)	(Note 18)	0.27	0.10
DILUTED EARNINGS PER SHARE (BAHT)	(Note 18)	0.20	0.07

21. The provident fund

The Company has established provident fund in accordance with the Provident Fund Act B.E.2530. Employees who are members contribute for each month and the company respectively contributes equally the other portion to the provident fund which one domestic finance institute is the fund manager.

22. Financial instruments

The Company obtains non-material risk with respect to the change of interest rates and exchange rates. Due to the business's expansion, the Company's investment is utilized by current cash flow; however long term liabilities which incurred interest obligation do not exist. Moreover, the nature of the Company's operation related to foreign currencies shows an increased proportion, the Company, as a result, considers the adoption of appropriate financial instruments to hedge against such risk. Nevertheless, the Company holds no policy to adopt any with financial instrument off the balance sheets which are derivative instruments for speculative or for trade purpose.

22.1 Risk on credit provision

The Company obtains risk from provision in relation to trade debtors. Nevertheless, the Company constitutes the careful policy in granting credit. Hence, the Company does not anticipate any material indemnity from debt collection.

22.2 Risk on interest rates

Risk on interest rate is derived from the change of interest rates in the future which affects upon the Company operating result and cash flow. Due to the short term investment which generates interest receivable and dividend fluctuated to the market rates (Floating interest rate), the Company, therefore, does not adopt any financial instrument to hedge against such risk.

22.3 Fair value

Since the financial assets and liabilities are mainly classified under short-term type, such book values of financial asset and liabilities are presented in the value, which are not materially different from their values. Regarding the short-term investment, the Company has adjusted investment value to its fair value.

23. Obligations and contingent liabilities

23.1 As of December 31, 2003 and 2002 , the Company also holds contingent liabilities and obligations with a bank in relation to letter of guarantee for the amount of Baht 3.59 million and Baht 4.13 million respectively.

23.2 The Company has a contract of building lease and contract of service with a related company and an outside party so as to use as head office and the distribution center of merchandise. The Company has also conducted area rental contracts so as to use as branch offices totalling 135 branches. The life of the leased contract commenced from 1 to 10 years. The total rental fee and public utility service fee are approximately Baht 194.66 million per year. Moreover, the leased contract is conducted so as to use as one warehouse (Kingkaew Road) with the contract life of 3 years.

24. Subsequent event

As of January 15, 2004, the warrants holders by directors and employee No. 2 in 2,765,950 units have exercised their rights in the purchase of ordinary shares in number of 2,765,590 shares at the price of Baht 1.00 per shares aggregating to Baht 2.77 million. As a result, the paid-up share capital of the Company increased from Baht 255.07 millions to Baht 257.84 millions. The Company registered the paid-up increased share capital at the Ministry of Commerce on January 28, 2004. Hence, the Company remains the outstanding warrants for the directors, employees and the sub-agent in 26,008,860 units.

เรามุ่งมั่นที่จะทำให้คนไทยเก่งขึ้น

Our Determination is to enhance Thais' Competitive Edge



ซีเอด

บริษัท ซีเอดยูเคชั่น จำกัด (มหาชน)

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